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MANUAL



CONSUMER EDUCATION
for
WARTIME LIVING



**State Council of Defense
Commonwealth of Pennsylvania
State Capitol, Harrisburg**

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A MANUAL

CONSUMER EDUCATION

for

WARTIME LIVING



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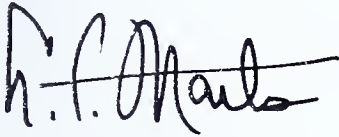
State Council of Defense
Commonwealth of Pennsylvania
State Capitol, Harrisburg

The State Council of Defense sub-committee which prepared this Manual has attempted to present herein authoritative training material from recognized sources. None of the statements in the text should be construed as carrying the direct endorsement of the State Council of Defense.

One of the major purposes of the State Council of Defense is to help the ten million people of Pennsylvania meet the war-time restrictions of food and fuel and clothing with knowledge and enthusiasm and spirit.

The Committee on Consumer Interests was appointed shortly after the Council of Defense was created and was given the responsibility for planning such a program. This Consumers Manual is an important part of this program. I am sure that it will help to teach and inspire our citizens to tighten up our belts and to take our new restrictions with a grin.

If there is not enough of anything for both our boys in uniform and ourselves back home, let our policy be—"Give the boys all they need, and we will get along on what is left."



Executive Director,
State Council of Defense.

I am happy to commend this manual not only to citizens in general but also to school administrators and teachers. It has been prepared by a subcommittee of the State Council of Defense to give specific suggestions to school administrators, teachers and lay leaders in analyzing their personal, school, and community needs in relation to consumer problems.

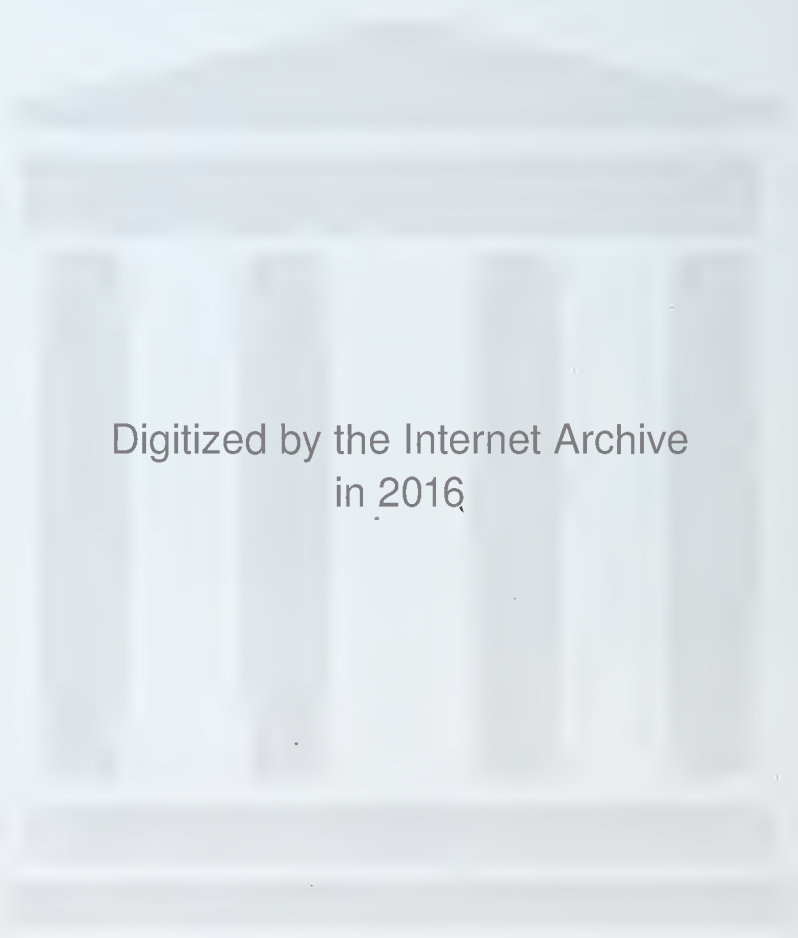
It is interesting to note that the State Council of Education recently has approved consumer education as a proper subject for inclusion in the course of study for the secondary schools of Pennsylvania, the intent being that the course shall be taught either through adaptation of present courses in social studies, home economics and business education, or to be taught directly as specific courses.

While the manual was prepared primarily to meet the needs of consumers in wartime living, nevertheless the material is equally useful in planning a post-war program in consumer education for the public schools.



Superintendent of
Public Instruction.

* Also Chairman Advisory Committee on Education, State Council of Defense



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FOREWORD

In this war, as in no other, civilians are an essential part of both aggression and defense. What would the armed forces do without the workers in defense industries? How would they, ourselves and our allies be fed without our agricultural workers? And how could we be sure of protection without our Air Raid Wardens, Auxiliary Firemen, Police, Red Cross workers and the many others devoting their regular working hours and free time to all phases of war work?

All these civilians should be just as healthy and strong as possible. Therefore, since civilians are glad to simplify their living needs to assure the fighting men of everything they need, this Manual of Consumer Education has been prepared to help them get the greatest value for what they spend, the greatest good from their possessions, and the longest life from irreplaceable equipment.

Subjects of acute interest to the Consumer in 1943 will probably be Rationing, Price Control, Nutrition, Conservation of Clothing and Durable Goods, Standards, Budgeting and Taxation. All these topics, as well as others, are discussed in this book, and bibliographies provide further knowledge if the investigator chooses to use them.

Power and responsibility lie in the hands of teachers and leaders of organizations with large memberships. And so it is to the teachers and group leaders that we address this Manual on Consumer Education since they have the greatest opportunity for spreading information that will keep civilians comfortable and fit to do their part, without de-

priving the Armed Forces of anything they need.

It is hoped that every teacher, responsible for no matter what Grade or Subject, will read carefully Part I of this Manual. So few separate Consumer Courses are given in schools that information essential to civilian health and morale must be worked into classes already underway. Therefore Part I is planned to acquaint teachers with the field of Consumer Education so that they may work into their courses, no matter what department, useful Consumer information by means of emphasis or illustration. The bibliographies and plan of all four parts will make a useful contribution to this work also.

For those teachers who can arrange a definite course or units in Consumer problems, it is hoped Parts III and IV will be of assistance: Part III for Junior High School classes, Part IV for those of Senior High School or Adult Evening School. Part II, as a wartime necessity, should be worked into all classes by any means available.

Probably the ideal way to present Consumer education would be through specific required courses. However, as things *are*, this Manual may prove useful in helping teachers to disseminate Consumer facts to pupils of all ages, boys and girls and adults, so that they may be better prepared to withstand the coming deprivations of Total War.

Certain topics usually included in the field of Consumer education (for instance, Consumer Cooperatives, Insurance protection, Advertising) are omitted as not specifically

part of the war picture. The teacher wishing to have help in these topics may call upon the authors of the various parts of this Manual for valuable material already prepared.

A warning must be given about the material in this Manual, as should be done about practically every publication dealing with war-time problems. The teacher or group leader should read this with an eye to the date of printing so that he, himself, may make any corrections necessitated by later Governmental regulations or other conditions beyond foresight.

Since there is no index, the Table of Contents is quite detailed. This

will enable the teacher interested in special topics to locate them wherever they occur in all four Parts.

Dr. Edward G. Cornelius, chairman of the sub-committee on Consumer Education in Public Schools, is due our sincere thanks for writing, assembling and correlating the material for this Manual. Through his efforts the teachers of Pennsylvania have between two covers this fund of valuable material for use in their classes

Helen Kingsbury Zirkle

Chairman, Advisory Committee on Consumer Interests,
State Council of Defense

PREFACE

Today and, to a much greater degree, tomorrow, the spotlight will focus on the Consumer and his multitudinous problems. We have been told over and over again that consumption of economic goods and services is the most important phase of our entire economic system. Adam Smith, in 1776, said consumption is the real end of all production. John Ruskin, in 1851, said consumption is the real end of all production. Benjamin R. Andrews recently said, knowledge of high practical importance is that which will help the individual and the individual family to make an economical plan of life.

The economic leaders of the world have freely admitted that consumption is the true end for which all production and distribution is carried out. It has been only natural, of course, for teachers and writers to stress production first because it is the first problem we had to solve. Our thinking and our wealth has gone into the problem of production to such an extent that we now have the finest system of production the world has ever achieved. It was also natural that we should think about and finance the second great problem we faced, that is, how best to market the goods and services we had learned to produce. We now have a marketing system capable of handling as much as a hundred billions of dollars worth of goods and services, under normal peacetime conditions, per year. This global war, however, has impressed each and every thinking adult with the fact that we have a backward and inefficient system of consumption. The large amount of underconsumption, the prevalence of poor health, the almost never prac-

ticed art of budgeting, the inability of millions to choose goods and services wisely, and the failure of millions to buy and to consume goods and services efficiently presents the problems of consumption in unmistakable terms.

A rather large number of books and pamphlets have been written on some phase of consumer economics or education. Such material as we have represents a wide and diversified view of the problems of consumption. The purposes for which materials have been made available on consumer education also seem to be diversified. It has become most important to understand the reasons why a person or group decided to publish consumer materials. What is a sound approach for one who is trying to interpret consumer material? The answer is not an easy one, but here is a general guide: Is the material an honest attempt to help the consumer handle his income in a way that will give him the highest possible standard of living? Does it teach the consumer how to budget his income, how to choose goods and services wisely, how to buy economically, how to use effectively? If it does most or all of these things it is sound consumer education.

Dr. A. C. Marts, Executive Director of the Pennsylvania State Council of Defense, appointed a Committee on Consumer Interests, and this Committee appointed a Sub-Committee on Public School Education. The Sub-Committee has prepared this Manual on Consumer Education. In its preparation, the purpose has been to bring together such materials as will be helpful to

consumers, teachers, and consumer leaders. Each person who has contributed to the Manual firmly believes that the best interests of the consumer, middleman, and producer are identical. Effective consumer education will in no way harm any honest producer or distributor.

Those who prepared the Manual realize fully, however, the many problems involved in such an undertaking. We know the work we undertook to do is difficult, and we recognize our shortcomings. Whatever mistakes, whatever blunders have been made are acknowledged in advance by the chairman, and he assumes the responsibility for them. Whatever its shortcomings are, the Manual represents an honest attempt to bring together some of the best materials on consumer education and make them available in the form of a consumer manual.

The Manual is made up of four parts. Part One is largely an attempt to provide sound philosophy and guidance for anyone who is really interested in consumer problems. In arranging Part One every effort was made to use what was considered the best materials, and in many instances full credit is given to the person who first made it available. Part Two is entirely a reproduction of a *Teacher's Handbook On OPA's Wartime Economic Program*. The Department of Information, Office of Price Administration, Washington, D. C., gave its unqualified permission, through Walter D. Cocking, Chief Educational Branch, to have its handbook reproduced in this Manual. This part of the Manual will help the consumer to understand not only what the Government is doing, but also why it must do the things it does if it is to protect consumers. Part Three is an outline of a course in unit form formerly taught by Mr. Eugene R. Guinter at Curtin Junior High School in Williamsport, Penn-

sylvania. It is well known that Mr. Guinter was highly successful in his effort to teach consumer education, and his units are presented for the guidance of anyone who desires such information and aid. Part Four is an outline on consumer education prepared by Mr. Matthias H. Richards, Assistant Director of School Extension of the Philadelphia Public Schools, and is now being used in Philadelphia under the supervision of Mr. Richards. This part is offered as a guide to any person who seeks such information.

The Sub-Committee on Public School Education of the Committee on Consumer Interests of the State Council of Defense is pleased to acknowledge aid and stimulation from the following persons:

Mrs. William J. Clothier, member State Council of Defense, for her keen interest and willingness to meet with the sub-committee and to offer advice and guidance.

Mrs. Conway Zirkle, Chairman of the Committee on Consumer Interests of the State Council of Defense, has been most active and helpful to the sub-committee in the preparation of its Manual.

Dr. Arnaud C. Marts, Executive Director of the State Council of Defense, has, as a result of his keen interest in education and civilian defense, been helpful to the sub-committee in its effort to provide progressive consumer education. Dr. Marts rendered a real service to consumers by appointing a Committee on Consumer Interests and has, in cooperation with the members of the State Council of Defense, made the publication of this Manual possible.

The Department of Information, Office of Price Administration, Washington, D. C., prepared and distributed a *Teacher's Handbook on OPA's Wartime Economics Program*. This handbook was revised on September 15, 1942, and further revised October, 1942. The information

contained in the handbook on the Government's economic plan and control is considered superior to any material the sub-committee could possibly prepare and is, therefore, reproduced in its entirety.

Mr. Eugene R. Guinter, formerly of Curtin Junior High School of Williamsport, Pa., and at present Field Representative of the Office of Price Administration, made a valuable contribution—the consumer units of Part Two.

Mr. Matthias H. Richards, Assistant Director of School Extension of the Board of Public Education of Philadelphia, in cooperation with the Board of Education, has contributed to this Manual greatly by giving the sub-committee permission to use the outlines as they appear in Part Four. We desire to express our appreciation to Mr. Richards and to the Philadelphia Board of Public Education.

The members of the Sub-Committee express thanks and appreciation to Dr. Francis B. Haas, Superintendent of Public Instruc-

tion and Chairman of the Education Committee of the State Council of Defense. Dr. Haas has consistently expressed his desire to cooperate with the Sub-Committee and has volunteered to help distribute the Consumer Manual through his department.

It is a pleasure to express appreciations to my wife for having made the choice, the purchase and the consumption of food, household equipment and clothing a practical and profitable art. Mrs. Cornelius has, by combining her knowledge of household management and of food with her training in art, taught me a large part of whatever I know about practical consumer education.

Each member of the Sub-Committee has worked hard and has contributed generously to the Manual. The members are: Mrs. Conway Zirkle; Mrs. H. B. Eliason; Mrs. Anna G. Green; Dr. Mabel B. Trilling; and Mr. Matthias H. Richards.

Edward G. Cornelius,
Chairman, Sub-Committee on
Public School Education.

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Part One

MATERIALS FOR TEACHERS AND STUDENTS

Introduction

Because many teachers would, if they knew how, introduce into their classes useful information for living in wartime, Part I contains much fundamental material for this purpose. Here is to be found a general discussion of Consumer education: what it is, how it can be taught, a short history of the Consumer movement in the United States, and a brief presentation of some Consumer problems such as Budgeting, Standards for Consumer Goods, Clothing, Housing, and so forth. It is hoped that a teacher, with the help of this Part I, may be prepared to inject Consumer information into his courses whether or not he has had specific training to handle the subject. In the midst of war one must do things quickly. Therefore the teacher must not consider Part I of this Manual as more than a short cut for an educational process which should require serious training in normal times. The immediate problem which a teacher of any subject must handle now is how to bring home to the pupil the general supply (Rationing), substitute and cost (Price Control) problems of the War World in which he must live.

I. CONSUMER EDUCATION A VITAL NEED

1. We Discover the Forgotten Man.

Much has been said, during the last few years, about the forgotten man. It is an effective slogan, a slogan that applies generally to 135,000,000 Americans, the consumers. The consumer is not entirely forgotten; we have discovered

him. Today thousands of organizations, women's organizations especially, are remembering the consumer and are helping to educate him. Federal, State, and Local Governments are becoming conscious of the fact that the average consumer is faced with serious problems and are beginning to help him. At least a few educators see that it is no more possible to leave the consumer to solve his problems alone than it is to leave the producer and the distributor to solve their problems as they see fit. The consumption of goods and services which we move mountains to produce and alter the course of rivers to market, can no longer be taken for granted. Consumption must become an art especially in time of war when normal supplies are dislocated; the responsibility for such instruction falls heavily upon the educational system.

2. Do We Accept the Challenge?

Miss Harriet Elliott, as Consumer Commissioner, threw out the challenge, in the following words: "We have a job to do. We have our lands to hold, our waters to protect, our skies to guard. We have these, but we have more. We have people. We are rich in people. People who love and cherish our lands. People who know how and want to work. People who have deep faith that here we have the greatest chance for life, and liberty, and the pursuit of happiness. People who know the fight for these is never won until it is won for everybody.

"Defense is planes and guns. It is equipping an army to man our mili-

tary weapons. It is this, and more. It is building the health, the physical fitness, the social well-being of all our people, and doing it the democratic way. Hungry people, undernourished people, ill people, do not make for strong defense.

"This then, is our job, not all of it, but a vital part: Let us make every American strong, stronger than ever before, sturdier in body, steadier in nerves, surer in living."

3. The Educator Must Face the Problem.

Economic education, at first and over a long period of time, was devoted almost entirely to the task of teaching producers how to produce more and more goods and services at lower and lower costs. The main objective of the average producer was profits, in terms of dollars and cents. This statement is meant, not as a criticism, but as a plain statement of fact. Later on, the distributor or seller was taught how to distribute or market his goods and services for profit, in terms of dollars and cents. Again, the statement is not intended to be critical, but merely factual. The production and the marketing of goods and services has been, in the main, in terms of making profits, in dollars and cents. This is not in any way an attempted criticism of the profit motive, since the writer believes in it. The profit motive should not stop with the producers and the distributors, however. The consumers should seek the highest quality goods and services at the lowest possible prices, thereby reaping the greatest possible real profits from the economic system.

It is vitally important for the individual educator and for the educational system as a whole, to assume the responsibility for teaching the masses how to consume goods and services profitably. Profitable consumption means consuming in terms of health, physical strength, and social well-being.

4. What Specific Consumer Problems Do We Face?

We face the problem of low monetary incomes. Consumer education will help consumers get more real income, although it cannot determine their exact monetary income. That is, consumer education can teach people how to choose, buy and use goods and services so as to get more benefit from them. Wise choice of goods and services, sensible buying, and efficient use of goods and services, will raise the living standards of all low income individuals and families.

We face the problem of poor health. In 1917, about forty men in each thousand called for military service by draft boards had poor eyes. Thirty-eight of each thousand had crippled or paralyzed limbs. Thirty-two of each thousand were handicapped by flat feet. Thirty of each thousand were underweight. Twenty-four of each thousand had some form of tuberculosis. Twenty-four of each thousand had teeth in such poor condition that they were rejected. Four in each thousand were insane or epileptic.

According to one report, we have nearly three times as many young men in the present draft with bad teeth as we had in 1917. This may be an exaggeration and we hope it is. The data are incomplete but the indications are strong that one-third or more of our young men are physically unfit in one way or another. Is it not reasonable to assume that a large percentage of our people who are not in the draft age are physically unfit?

The realistic educator will accept the responsibility for improving, and maintaining, the health of the masses. The public schools must give more and more attention to the health of children beginning in kindergarten and continuing throughout the child's school life.

Even in times of peace we face the problem of under-consumption. In times of war this problem be-

comes acute. According to Mr. Milo Perkins, President of the Surplus Commodities Corporation, the term surpluses, when applied to foods, is simply a smug, polite name for a shocking amount of under-consumption. This problem is broader than a lack of sufficient monetary income, as low as some incomes are. It is steeped in consumer ignorance, ignorance of how to choose, how to buy, and how to use to best advantage. Under-consumption in a nation of plenty cannot be justified. We must attack this problem, letting the chips fall where they may. Producers, distributors, educators, and consumers are probably all guilty to some degree for the fact of under-consumption.

We face the problem of poor diets. According to the Federal Bureau of Home Economics, more than forty-five millions of Americans are existing on poor diets. Poor diets mean diets lacking essential food elements. These individuals and members of families are living below the safety line. Not all individuals existing on poor diets feel hunger and not all of them have symptoms of deficiency diseases. But, all who live on a deficiency diet, such as forty-five millions of Americans are living on, suffer from chronic fatigue, lethargy, various digestive disorders, divers aches and pains, and have a lowered resistance to disease. One can guess how much more these people could contribute to war production had they their health and strength.

According to Dr. Grace MacLeod, Professor of Nutrition at Columbia University, the large number of men rejected for military service, due to dietary deficiencies, should be an object lesson to our educators. Dr. MacLeod says nutrition or eating for health should be emphasized in all public schools beginning with the first grade. Dr. MacLeod asked this question: "Why isn't it just as important for human beings to have good dietary habits as to have good

arithmetic and reading habits?" We teachers must assume the responsibility for teaching young children the great lesson of eating for health.

We face the problem of poor housing. What is the housing situation millions of low income families face? In January of 1941, the National Resources Planning Board published its report setting forth the present housing situation. According to the estimates of this board, there is vital need for 2,500,000 new homes, exclusive of the needs for farms and defense operations.

Scholastic Magazine published the results of a study on housing, on January 15, 1940, showing that at least 43,000,000 Americans, including 10,000,000 families, are now living in houses that fall short of being comfortable and healthful. According to the report, at least 30,000,000 people are living in miserable hovels. This report brands approximately sixty per cent of America's city homes as sub-standard. What constitutes a sub-standard home? One having no sanitary facilities, unsafe physical structure, or one that is genuinely overcrowded.

What about the social costs of poor housing? Examine any study on poor housing you may have and you will find it emphasizing the undesirable results. Poor housing is said to lead to an increase in crime which is both undesirable and expensive. Poor housing probably leads to an increase in illness which is both undesirable and expensive. Poor housing is said to lead to premature death which is undesirable and expensive. The estimates of the cost of poor housing in dollars and cents vary widely, but you will find some as high as \$4,000,000,000 per year.

What can be done about housing? We can increase the demand for better houses, by teaching families to want and to plan better homes;

and we can raise home care standards by proper instruction.

II. WHAT IS CONSUMER EDUCATION?

Several well meaning individuals have tried to explain consumer education in terms of Franklin's Philosophy that "A penny saved is a penny earned." While that conception is an interesting one, consumer education is much broader than that. Shall we examine a few definitions?

1. The Balance Sheet, after a nation-wide study in 1941, offers us the following: "that phase of education that will train individuals; (1) in determining a well balanced spending program; (2) in getting the most satisfaction out of the time, effort, and expenditures that are made for economic services, shelter, clothing, food, and other goods; and, (3) in working for an improved standard of living in a democratic society."

2. A second definition was given recently by the governing committee of the Institute for Consumer Education: "Consumer Education is development in attaining the maximum individual and group satisfaction for time, effort, and money expended."

3. A third definition was given by Professor Forkner, of Columbia, at Atlantic City, in February, 1941: "Consumer Education, then, must be concerned with broader issues than how many peaches to a can, how many ounces in a package of cereal, how many threads per inch in a given piece of cloth, how color fast a piece of fabric is, or how many steps a certain make of shoe can take with a 200-pound man in it.

"The broader issues lie in the area of how to provide the right kinds and amounts of food to those people who are living below the margin of safety; of how to provide the right kind of housing for those families whose children are now growing up in conditions that are far below the standards of a nation with as great

resources as ours; of how to bring health and happiness to that large body of the population that has been deprived of proper health services."

4. May I, after considerable study and thought, add my own simple definition? Consumer education is training individuals to choose, to buy, and to use, wisely.

III. WHAT CONSUMER EDUCATION IS NOT

Consumer education, as a major area of training, is new, with a variety of definitions. In spite of the newness of the subject and in spite of the many definitions we have for it, one may say that consumer education is not merely a study of products. Neither is it merely a study of advertising with an emphasis on anti-advertising. Nor is it an idealistic crusade. Consumer education is more than an anti-view about anything.

IV. WHAT ARE THE AIMS OF CONSUMER EDUCATION?

1. The Educational Policies Commission of the National Education Association reported in 1936 in its publication, the *Purposes of Education in American Democracy*, the following objectives: (1) Planning one's own economic life; (2) Developing standards for guiding expenditures; (3) Informed and skillful buying; and, (4) Ability on the part of the consumer to safeguard his interests.

2. In 1940, the same commission stated in its report entitled *Education and Economic Well-Being in American Democracy*, the following eight objectives; (1) Development of broad social intelligence in economic problems; (2) Better understanding of industrial relations; (3) Cooperative attitudes tending to increase economic well-being; (4) High standards of values and taste; (5) Wise purchasing and consumption of food, clothing, shelter, health, and avocational interests;

(6) Understanding of the significance of public expenditures; (7) Wiser saving; and, (8) Sensitivity to social responsibility.

V. CONSUMPTION THE SOLE END AND PURPOSE OF PRODUCTION

In 1776, Adam Smith said, "Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to only so far as may be necessary for promoting that of the consumer." The maxim of Adam Smith is so self-evident that it would be absurd to attempt to perfect it.

In 1851, John Ruskin said, "Consumption absolute is the end, crown, and perfection of production; and wise consumption is a far more difficult art than wise production."

Recently, Professor Benjamin R. Andrews, of Columbia University, said, "Among the knowledge of high practical importance must be counted that which helps the individual and the individual family to make an economical plan of life that will meet present and future needs and result in the largest possible amount of satisfactions."

From Adam Smith down to the present time, the outstanding economists of the world have been unanimous in their belief that consumption is the real end for all production and distribution. In practically every case, however, the classical and theoretical economists simply stated the fact about consumption and then proceeded to ignore the statement of fact for the remainder of their discussions.

One can understand the reasons why the classical economists failed to develop a theory for consumers. The problems of production were the most serious problems which faced the classical economists and they quite naturally gave their time and energies to the development of a philosophy of production.

A few practical economists, who followed the classical economists, and who worked after the Industrial Revolution was well under way, saw that production was no longer the number one problem. Those economists gave their attention to the distribution of the goods and services produced. The practical economists, those dealing with distribution or marketing problems, did most of their research and writing after producers found they could and were producing more goods and services than they could sell profitably. The work of these business economists, in pointing out the way to sell more and more goods and services, and to move them from producers to consumers, was valuable and should not be underestimated.

For some time, we have been faced with the fact that neither production nor distribution is the primary problem of the average citizen. While one cannot say that production and distribution are of no vital importance to the consumer, one can say that the processes of production and distribution are far more advanced than is consumption. The use we make of the goods and services produced and distributed is the problem we are trying to solve now through Consumer education.

VI. THE CONSUMER MOVEMENT IN THE UNITED STATES

The consumer movement had its inception about 100 years ago, but its importance was limited for many years to special groups and special regions. A decade ago it attained national importance. The growth of the Consumer Movement has been sketched by Werner K. Gabler, "Labeling the Consumer Movement," American Retail Federation, Washington, D. C., 1939, from which the following summary has been adapted.

1830. The first consumer cooperatives appeared in the United

- States. They showed a considerable growth during the next 50 years but nearly disappeared toward the turn of the century.
1890. Sherman Anti-trust Act, which protected consumers by forbidding monopolies, combinations, or conspiracy in restraint of trade, was passed.
 1906. The first food-and-drug law was enacted, providing some protection for the consumer against poisonous foods and drugs.
 1908. The American Home Economics Association was formed.
 1914. The Federal Trade Commission Act, which created the Federal Trade Commission, the most important legal agency in control of trade practices, was passed. The Commission was designed originally to protect manufacturers and tradesmen, but its activities protected consumers indirectly.
 1918. The American Home Economics Association launched its first campaign for labels with quality specifications on staple fabrics.
 1923. The Department of Agriculture established its Bureau of Home Economics.
 1927. "Your Money's Worth," by Chase and Schlink, appeared and enjoyed wide distribution as the first in a series of debunking books attacking advertised merchandise.
 1929. Consumers' Research was founded. It was the first independent testing and approving service to provide its subscribers with bulletins containing ratings of nationally advertised products, based on tests and information from consumer experience.
 1933. The National Recovery Act set up a Consumers' Advisory Board. Thus, for the first time, the consumer was recognized as a partner in establishing economic policies of the country. The AAA set up the Consumers' Counsel, which was to become one of the most important consumer agencies in the government service.
 1934. As a result of the Consumers' Advisory Board of the NRA, similar consumer groups sprang up all over the United States.
 1935. The NRA was declared unconstitutional, and the consumer activities were shifted to the Department of Labor as the Consumer Project. As a result of the labor trouble in Consumers' Research, Consumers' Union was formed, growing rapidly and reaching within a few years an importance equal to that of its mother organization.
 1936. Edward A. Filene, of Boston, set up the "Consumer Distribution Corporation," an organization and management group designed to promote consumer cooperatives in the United States. The American Standards Association organized an advisory Committee for Ultimate Consumer Goods as the first step toward the establishment of consumer goods standards. Consumer protection was incorporated in the platform of the national Democratic party, demonstrating for the first time the political importance of the consumer movement. The Administration sent a commission to Europe to study consumer cooperatives.
 1937. The Federal Trade Commission promulgated the rayon rules—the first compulsory

fiber identification regulations. Many of the large women's organizations increased their activities. The Consumers' National Federation was formed, designed to become the coordinating agency of all organizations interested in consumer activities. The Consumer-Retailer Relations Council was formed, the first body formed by consumers and retailers on an equal basis; it was designed to become the organ of communication between the two economic groups.

1938. The Institute for Consumer Education, an independent agency for consumer education, was founded by the Alfred P. Sloan Foundation. Michigan set up the first state consumer department. Congress passed the Wheeler Lea amendment to the Federal Trade Commission Act, increasing the power of the Federal Trade Commission to protect the consumer. Congress passed the New Food and Drug Act, which, although unsatisfactory to many consumer groups, gave better consumer protection than the Food and Drug Act of 1906. The American Association of University Women doubled its consumer activities of the previous year. The General Federation of Women's Clubs established its department of consumer education and began a campaign to "Keep its clubs free from special interests which were trying to prey on them."

1939. The first National Conference for Consumer Education brought 400 representatives of all phases of the consumer movement to the Institute for Consumer Education at Columbia, Missouri. Representative Boren intro-

duced two bills setting up machinery and allocating funds for the establishment and promulgation of performance standards for consumer goods. The Business-Consumer Relations Conference, organized by the National Association of Better Business Bureaus in Buffalo, was the first important business organized conference devoted entirely to the discussion of business-consumer relations.

VII. CONSUMER EDUCATION IN THE PUBLIC SCHOOLS

Since 1939, the Public School teachers of the United States have accepted Consumer Education as a necessary area of training to a greater degree than they have ever accepted any other subject; much progress has been made on both the elementary and secondary levels. As proof: (a) Review the elementary and secondary publications which have come from the press since 1939 and see the space devoted to the home, health, money management, food, housing and buymanship. (b) Talk to in-service teachers on the elementary and secondary levels and you will soon discover one who is trying to educate children in elementary principles of health, food, housing, clothing, money management, buymanship, and wise choice making. (c) Note the individuals, clubs, organizations, and governments interested in consumer problems.

When one examines the courses in home economics one will see that more and more emphasis is being put on such consumer training as home management, budgeting, and spending. Business education has developed consumer training most rapidly, and in some schools this department has been given the job of developing the main core of the consumer program. Contributing to consumer knowledge are other departments, such as: natural science,

social studies, physical science, industrial arts, art and others. Unfortunately, the records tend to show that consumer training is concentrated in the eleventh and twelfth grades. Unfortunately, again, too many school officials are not recognizing consumer training and, therefore, it is not well organized or supervised.

VIII. METHODS IN CONSUMER EDUCATION

(Based largely on:
Consumer Education in the
Schools, by Tonne. Pub-
lished by Prentice - Hall.)

1. The Course of Study in Consumer Education.

- (a) The big immediate problem is: What are we going to teach in consumer education?
- (b) What was taught in the early stages of consumer education? There is little doubt that it consisted largely of materials based upon: (1) Fear; (2) Bad business; and, (3) Bad advertising.
- (c) Consumer educators should not engage in destructive education but should present both sides of every question.
- (d) The consumer educator should not overlook the fact that some fear and color may have been necessary in order to arouse the masses of consumers. There is plenty of evidence that consumers have been asleep.
- (e) The consumer educator should realize that the course of study for consumer education is now being worked out and should treat such studies as pioneering efforts.

2. How Should Consumer Education Be Taught?

- (a) Should there be a formal program of study? No, for that would probably kill it. A formal program is too static,

too narrow; does not allow for day by day changes and therefore excludes consideration of current problems.

- (b) Should we make sure there is no formal program? If so, we face some serious problems: (1) Are we as teachers well enough prepared to teach without formal outlines? (2) Are our classes small enough to enable us to teach by the round table or small group method? (3) Will we have the time to teach students by the informal method?
- (c) What seems to be the best method under the circumstances? If you feel you understand the need and the best method, then use it.

3. Some Needed Developments in Consumer Education.

- (a) We need much research on standards of living. What standards do we have? What standards are possible? What can we do to raise the standards for the masses?
- (b) We need to develop better standards for merchandise and services. We have standards for time, weight, measure, and distance. Why not standards for quality and performance?

4. How Can We Select Matter?

There are two main ways:

- (a) Subjectively, that is, making use of present courses by: (1) using one's own ideas with whatever help one can get; (2) compromising with other groups to begin a course as the group believes it should be taught; (3) remembering that education is, after all, a matter of opinion and therefore subjective.
- (b) The objective method. If this method is used, present courses and materials will be given up and the teacher will

turn to the small amount of formal materials available and will use Government bulletins, newscasts, and especially the materials and ideas presented by frontier thinkers. Frontier thinkers are those who are definitely ahead of the group, the real progressive educators.

- (c) The realistic teacher will probably want to combine the two methods discussed under (a) and (b). The combination method is recommended.

5. The Objective Method.

- (a) This method will mean new courses and new subject matter.
- (b) This procedure will do away with formalism and prejudices.
- (c) In an objective program the newspaper and radio would furnish excellent materials for a study of world problems, but would not suffice for a study of local consumer problems. Consumer education deals with everyday problems of the masses.
- (d) Whatever course is set up should emphasize both present and idealistic conditions. Idealistic refers to untried but desirable conditions.
- (e) One question the teacher must not overlook is, how objective can a course be made? It is wise to begin subjectively and grow just as objective as possible.
- (f) There are many courses on consumer education, mostly in mimeographed form.
- (g) Most all consumer education materials available are what Dr. Tonne calls the scissor and paste type. This is fortunate, since we have by no means reached the efficiency stage in the field of consumer education.

6. The Use of the Textbook in Consumer Education.

- (a) There are a few textbooks in the field, mostly called consumer education or consumer economics. The number is increasing and the teacher should check for the latest editions.
- (b) The consumer textbook, like any other, is only an aid to learning. The teacher seeks to make students think. The textbook is valuable if it provokes thought.
- (c) No matter what textbook or how many the teacher uses, she will want to use (1) Government bulletins; (2) The publications of private agencies; and, (3) The findings of commissions and research organizations.

7. Methodology and the Teacher of Consumer Education.

- (a) Not much attention has been given to method in consumer education and it is not clearly a necessity since the best method for consumer education is evidently about the same as for any other subject.
- (b) The main emphasis so far has been on: (1) Subject matter; (2) Where subject matter can be found; and, (3) What part of the available subject matter should be taught.
- (c) There are two phases of every problem of methodology: (1) The organizing phase; and, (2) The presenting phase.
- (d) Many individuals and groups are now engaged in organizing consumer education materials; therefore, it is only a matter of time before every teacher, regardless of her field, will be presenting consumer materials to her students.

8. The Two Primary Types of Instruction.

- (a) The authoritative type. This is the teacher-centered type. The teacher imparts and the student is supposed to learn.
- (b) The developmental type. This is the student-centered type. It aims to stimulate student activity and means learning by doing.
- (c) Other methods used as phases of one or the other of the two above: (1) The lecture or telling method. It saves time but does not give the student a chance to express himself; (2) The textbook method. It is almost universal in the United States. It is good for mass production and prevents floundering; (3) The question and answer method. Very good if the questions are well planned and well directed; (4) The drill method. Not good for consumer education since it is not a skill to be mastered; (5) The socratic method. Here the teacher assumes the attitude of inquiry. The value depends largely on the skill of the teacher; (6) The topical method. Topics are assigned. Very good if students do the work; (7) The problem project method. Student is assigned problems to which he is expected to find the answers. Effective if the student really seeks the answers.

9. What Training Should a Teacher of Consumer Education Have?

- (a) General training. She needs a broad education, usually called a liberal arts education.
- (b) Fields of concentration should include: (1) Economics, not old fashioned theoretic

tical economics, not the type to make one feel one must have expensive clothes, an expensive house, and expensive home furnishings, but the type designed to teach the student to get the most in clothing, housing, and furnishings out of her income or expenditures; (2) General business, the kind of course designed to explain the workings of general business to the student and, (3) Law, Selling, etc.

- (c) The teacher should have wide experience and a sincere interest in the furtherance of consumer education.

10. Devices to Aid Teachers of Consumer Education.

- (a) There are many aids to better presentation. Some are teaching devices in terms of equipment, and some are devices to help students learn.
- (b) A partial list of teacher aids: (1) The notebook helps the student review and remember; (2) Student outlines are most helpful when material is different from that in the text; (3) Debates lead to competition and increase zest, but create many dangers unless well controlled; (4) Current events help make subjects real; (5) Term papers are good when well done. It is probably better to have students write several short papers rather than one long one; (6) Collateral reading is very good to give all sides of the question; (7) Field trips are excellent since they are realistic; (8) Clubs and extra-curricular activities are good, provided they are directed toward the solution of real problems; (9) Visual aids should be used whenever possible, since the student

remembers far more of what he sees than of what he only hears. Many excellent educational films are now available to teachers.

11. General Problems of Consumer Education.

- (a) The subject is new and presents all the problems of a new subject.
- (b) The subject matter of consumer education is not settled. The teacher must be very careful about accepting materials simply because they are branded consumer education.
- (c) Some subject matter may have been too sensational, some criticism of advertising may have been too severe, and some of it is probably an attempt to sabotage the consumer movement.
- (d) Too much emphasis has undoubtedly been put on commodities. That is, some teachers, when they first begin teaching consumer courses, want to test all the commodities.
- (e) Consumer education may, in some instances, have been presented as a cure-all for society.
- (f) Many teachers certainly have not been well trained.
- (g) The subject matter has been too narrow and too academic.
- (h) Not enough students have been taking consumer courses.

12. Ten Major Phases of Consumer Education.

- (a) The first job of consumer educators is to determine the objectives of consumer courses. What goals do we seek?
- (b) We must understand that choice making is as broad as education, that is general education.

- (c) We must see that consumer subject matter must be well planned and well balanced.
- (d) We must see that teachers should be well trained for this work.
- (e) We need well organized content texts, in all subjects, since certain phases of consumer education can be taught in any course.
- (f) We need to stop all individual, departmental and group conflicts over consumer courses.
- (g) We must at least welcome real cooperation between business and teachers of consumer courses.
- (h) We must recognize the fact that there is no final solution to the millions of problems of consumers.
- (i) We must not allow consumer courses to become debating societies to discuss various isms. Not that we should not discuss isms, but consumer courses cannot have isms as its core. Consumer education is not against anything; it is for all the people.
- (j) The teacher should not make use of consumer courses to carry on a fight against capitalism. The teacher also should not use the course to distribute propaganda for capitalism. The course simply is not the proper place to carry on any propaganda. The main purpose of the course should be to teach people to live the fullest life it is possible for them to live.
- (k) Local, State, and Federal Governments may have to determine and control specifications for many goods and services not so controlled at present. Businesses and governments act wisely when they buy by specification. Then why not teach consumers to buy wisely, by demanding specifications? If it

is profitable for business and government, it will also be profitable for consumers. Incidentally, business will also profit if consumers use better tactics in buying.

13. Mass Education, the Solution.

- (a) Mass education will bring about better understanding between business, government, and the masses of people.
- (b) Educated groups always get along better than uneducated groups because each group understands the problems of other groups.
- (c) Finally, it is not common sense to educate the few and ignore the masses.

IX. WHO GUIDES CONSUMERS?

(Based on Gordon's Economics for Consumers, chapters 4-12; Published by American Book Company)

1. In Theory.

According to most economic theorists, consumers guide not only themselves but the entire economic system. According to the classical economists, consumers know what they want, what quality and quantity they want, and what they are willing to pay for what they want. We are asked to believe: (1) that producers make the goods and render the services consumers demand; (2) that competition, rivalry in buying and selling, protects the consumers against high prices and poor quality; and, (3) that there is what Adam Smith described as a system controlled by an unseen hand, evidently what others call unconscious cooperation. In theory, educators doubt the above assumptions, and facts do not bear out all the assumptions.

2. Do Consumers Know What They Want?

If they do, the psychologists, the advertisers and the salesmen are

mistaken. It is a safe guess to say the psychologists, the advertisers and the salesmen are not mistaken. In many cases, the consumer does not know what he wants. Very few of us consumers can judge quality. It is very difficult for most of us to detect price frauds. Most of us have little or no idea as to the cost of the goods and services we buy. The fact that our knowledge is so limited makes it impossible for us to know the specific goods or service we want.

Consumers' Choice. Wise choice making is a very difficult job for any consumer, much less the untrained. The consumer must face the fact that his wants tend to be unlimited while the available goods and services to satisfy his wants are limited. People have never had enough. Nature, even in rich America, never provided enough. Our machines, under mass production conditions, never produced enough to satisfy human wants. This all means that the consumer must choose between this and that, between product or service A and B. Under modern conditions, the act of choosing wisely is very difficult.

3. The Consumer Seeks Happiness.

What is happiness? It seems to be a state of mind, a state of being satisfied with one's position in life. The search for happiness evidently has much to do with consumer choice. Broadly speaking, there seem to be two different ways of obtaining happiness, at least two very different ways to seek it. One way is to adopt and follow the materialistic philosophy of life. According to this philosophy the consumer struggles to get enough wealth to satisfy his ever expanding and unlimited wants. This philosophy has been dominant in the western world and has led to great material achievement. The amount of happiness it produces must be balanced against the destruction and suffering it is causing. It seems that man has not yet learned how to use materials, that is,

materials in abundance. Materialism, probably, will have to be judged according to the amount of use versus the amount of abuse it brings about. The second way in which man may seek happiness is in asceticism or the ascetic philosophy of life. Under this philosophy self-denial becomes the greatest virtue. Does it produce happiness? This philosophy has been dominant in Asia. It did not lead to great achievement, but seems to have produced a type of happiness before western civilization disturbed it. This philosophy does not appeal to western man, but we must admit that it is better to live without so much material wealth than to produce it and then kill ourselves with it. If man cannot learn to use materials wisely one can easily say it is better not to produce them. If man learns to use materials wisely, then it becomes better to produce and to produce in abundance.

4. Consumer Wants and Consumer Needs.

One hard reality man must face is the fact that his wants are always greater than his ability to satisfy them. Another fact man must understand is that wants are transformed into needs at a fast rate when materials are being produced and sold at a faster and faster pace. According to Professor Gordon, the average consumer of a hundred years ago had about seventy-two wants, sixteen of which were necessities. Professor Gordon believes the average consumer of today has about nine hundred wants, one hundred of which are considered as necessary. Our wants and our ability to satisfy them seem to be relative at all times. The wise consumer will realize that he cannot satisfy all his wants and will therefore attempt to satisfy his greatest needs first.

5. Freedom of Choice.

The average consumer should realize that he is not and never will be in a position to choose goods and

services freely. The consumer must remember that he faces certain iron-clad restrictions: (1) He has unlimited wants and he faces limited supplies; (2) He has a limited income and all goods and services are sold for a price; and (3) He does not have all the knowledge necessary to make the wisest choice. Freedom of choice means the consumer is able to choose those goods and services he wants under a system of scarcity and price. As a matter of fact, the average consumer has such a small monetary income that his ability to choose goods and services is drastically restricted. The only sensible attitude for the average consumer is to be most careful not only to choose wisely but to buy and use wisely the goods and services he does decide he needs.

6. What Forces Influence the Consumer?

1. *Custom.* What is custom? It is a tendency on the part of a group to consume or to act in a given way. Custom is group habit. Habit is the tendency on the part of the individual to consume or to act in a given way. Groups often act in a given way not only until the act becomes custom but until the custom becomes law. Many customs are good because they are useful to the people. Some of our customs, on the other hand, are useless and silly. Poor diets are not merely a result of low monetary incomes. Some are the result of habit, that is, the consumption of food is to a great extent customary. The consumer should know that food habits are acquired and should therefore strive to acquire good food habits.

2. *Display.* Man has a great urge to possess and to consume, not for utility, but for display. In ancient times, the best and most colorful of everything was reserved for the brave, those who excelled in the hunt and in battle. In Medieval English life, conspicuous consumption became a measure of economic

success. The use of money changed the life of people drastically. Conspicuous consumption now took the form of: (1) buying land; (2) building palaces; (3) wearing elaborate clothes; and, (4) consuming expensive foods. In modern life, we are victims of this urge to consume conspicuously. Think of all the things we do to get attention. Many consumers who cannot pay their grocery bills waste money on conspicuous and useless consumption.

3. *Fashion*. What is fashion? It is an important phase of custom. The power of fashion is beyond all reason; the force of fashion is not new. Six thousand years ago women painted their faces and penciled their eyebrows. What about fashion in ancient times? King Edward III of England told men and women how to dress from 1325 to 1377. A change in fashion in 1350 and another in 1380, still another in 1422, and still another occurred in 1467. The extremes of fashion in France were much greater than in England. Some French women were loaded down with gold, silver and precious stones; French hats were like haystacks, piled high with flowers and feathers. Fortunately, so far as cost is concerned, the changes in French fashion were also far apart. What about fashion today? There seems to be no limitation except in production, sales, and consumer incomes. The prevailing fashion may be very ugly indeed, but the consumer is weak. The consumer should realize that the producer and the seller desire frequent changes in fashion and he should also realize that he pays a big price for frequent changes.

4. *Imitation*. What is imitation or emulation? It is what we so often speak of as keeping up or trying to keep up with the Jones'. It is that force in man which causes him to try to equal or excel others in some way. Is emulation desirable? Emulation in and of itself is neither good nor bad. The question is, whom do we emulate? Why do we

emulate? If we imitate or emulate wise people, it is apt to be a profitable thing to do. If, on the other hand, we imitate or emulate foolish persons, it is apt to prove unprofitable for us. Imitation and emulation of others is often wasteful, and the consumer should realize that he cannot afford to be wasteful.

5. *Advertising*. What is advertising? It is mass selling. It is a way of sending sales messages in newspapers, magazines, and over the radio. Why advertise? The answer is, it pays, or at least the advertiser thinks it pays. What benefits are claimed for advertising? The following are often mentioned: (1) it provides information concerning new goods and services; (2) it gives the consumer quality goods and services at lower prices; (3) it makes competition effective; and, (4) it makes large scale economies possible by increasing sales and thereby lowering costs of production, especially overhead or costs which tend to remain about the same whether the plant operates at or near capacity or far below capacity. What criticisms are aimed at advertising? The following are often heard: (1) advertising is purely a tool of the seller and does not aid the consumer; (2) it is a selling system based upon dollar and cent profit rather than on welfare; (3) it is based on emotion rather than on intelligence; (4) a large part of it is misdirected and proves a loss even to the advertiser; (5) much is deceptive and misleading and is therefore liable to be detrimental to the consumer; (6) it causes consumers to buy and to use some harmful goods and much useless goods and services; (7) it stimulates wasteful consumption; and, 8) it represents a misuse of art and science in that it seeks sale rather than welfare.

What attitude should the teacher of consumer education take toward advertising? First of all, the teacher must realize that there are two extreme points of view: (1) the view-

point that all advertising is good; and, (2) the viewpoint that all advertising is bad. *The teacher cannot afford to accept* either of the two *extreme viewpoints*. All advertising is not good. All advertising is not bad. Advertising, in and of itself, is neither good nor bad. Advertising, Publicity, Propaganda and Education are all parts of the same thing, that is, a method of transmitting messages from individuals and groups to masses of people with the idea of influencing the people. Good advertising is to be commended and bad advertising is to be condemned. You, the teacher, will need to be careful about your yardstick, that is, the way in which you judge an advertisement. You will probably decide that we must judge all educational factors according to their results. If advertising leads to good results, it is to be commended. If, on the other hand, advertising leads to bad results, it is to be condemned.

6. *The Practice of Fraud.* What is fraud? There are many definitions, because there are many social codes. That is to say, individuals and groups disagree over what is considered to be right and wrong. The following idea may be too progressive, too idealistic or too theoretical; nevertheless, we should consider it. Fraud is engaged in whenever, knowingly, a producer, advertiser, or seller causes the consumer to purchase and use a detrimental or worthless good or service. This idea reverses the philosophy of: "Let the Buyer Beware" and substitutes the idea of: "Let the Seller Beware." The idea that the producer, the advertiser and the seller should be held accountable to the public for what is produced, advertised, and sold, is not in any sense radical thinking. Remember the only acceptable reason for producing and selling goods or services is to satisfy human wants. The only way human wants can be satisfied in the long run is for the consumer to buy

and use worthwhile goods and services. Whenever a producer, advertiser, or seller offers detrimental or non-valuable goods or services to the consumer, claiming them to be worthwhile goods or services, he is guilty of fraud, at least from the social viewpoint.

Large-Scale Fraud. No well-educated person denies the existence of large-scale frauds. They exist because: (1) selling today is so impersonal, that is, producers and advertisers deal with millions of people indirectly and impersonally; (2) goods and services are in many instances produced for a world-wide market; therefore, the possibility for fraud is unlimited; and, (3) most people buy practically everything they use without having had training for the all-important work of choosing, buying and consuming goods and services wisely.

Fields of Fraud. Practically every human want offers a field for fraud. Some of the outstanding human wants are: food, clothing, shelter, health, wealth, and beauty. Some of the forms fraud most often takes are: adulteration, misbranding, short-weighting, and false claims concerning the value of the good or service, or its quality, and the results to be gained by using the article. Are there fields about which one should be especially particular? Yes. The notices of judgments issued by the Federal Security Agency seem to show that the following are major fields of fraud: foods, patent medicines, cosmetics, dentifrices, and curative devices.

Why Does Fraud Persist? There are two main reasons. The first is selfish producers, advertisers and sellers. We must guard against believing that selfishness is new. Selfishness is as old as man and fraud, a direct result of selfishness, is not new, but merely changes in form and intensity. The second reason why fraud persists, and an important one, is the gullibility of consumers. Consumer gullibility is due,

to a great extent, to the lack of training in personal and family economy.

X. CONSUMER BUDGETING

(Based on Gordon's Economics for Consumers, Chapter 16; Shields and Wilson's Consumer Economic Problems, Chapter 1; Published by South-Western Publishing Company; and Andres and Cocanower's Economics and the Consumer, Chapter 7; Published by Houghton Mifflin Company)

1. Meaning of the Term "Budget."

At one time the term "budget" meant a money bag, possibly a stocking, into which the family placed the money it received and out of which all money spent was taken. Although the budgets of today are worked out on paper and extend over a longer period of time, budgeting is still based upon the same principle.

A budget is a form of control over income; it is a plan of spending based on estimates of income and expenditures. Budgeting simply means estimating income and apportioning it in such a way that all vital needs will be met first, then less vital needs, and finally savings will be made, if that is possible. Someone remarked that budgeting is worrying before you spend your money, rather than afterward. As a matter of fact, budgeting is the most effective way to prevent worry. The work and worry in connection with budgeting is small indeed when compared to the anxieties and uncertainties caused by the lack of a spending plan. The act of preparing and administering a budget may be very simple, as simple as keeping a record of income in dollars and cents, and a record of expenditures for goods and services. The act of preparing and administering a consumer budget may be quite elaborate, if the consumer is foolish enough to make it so. But why should a consumer want to make it so? The average consumer

needs only a record of incomes and a record of expenditures; together the records provide the consumer with a visual record of the most important business in the world, the business of the consumer and the family.

2. Why Keep a Budget?

Every work of importance on this subject offers the consumer many reasons why he should keep a budget. Did you ever say, "My money is gone, but I do not know what happened to it"? A budget will provide one with the answer. A record of expenditures, no matter how simple, will tell the consumer exactly where his money goes. A budget will provide the necessary information for an analysis of the consumer's spending and will surely result in more spending for the necessary goods and services and less spending for unnecessary goods and services.

3. Budgeting Is Necessary for the Individual and the Family.

In the past the idea of business was almost as uneconomic and chaotic as consumption is now. In other words, the idea was generally held that, any individual could go into any business, operate it as he saw fit and make whatever profit out of it he possibly could. Today that is not so; business is dominated by the corporation. This change from the individual business man to the corporate form of business was made because it was the profitable thing to do. No such changes have taken place in the organization for consumption. The family is still the economic unit for consumption. The average family does not even keep a record of its expenditures. The family must be taught to make changes, to keep a budget, for the same reason business went corporate, because it will be profitable. Producers, advertisers, and sellers discard any business form which proves ineffective or unprofitable. Consumers are allowed to go blindly

on consuming in a haphazard, uneconomical way. The ancients had consumption down to a fine art, but had poor types of production and distribution. We have mastered production and distribution, but consume in the most uneconomic way possible. The family is and will continue to be the main consuming unit and must be educated to its task. The housewife is and will continue to be the main purchasing agent for the family, and must be educated for her task.

4. Budgeting or Better Business Tactics Is Vital for the Family.

Most American families receive such small dollar incomes that they must be handled with great care if an adequate standard of living is to be maintained. Now that taxation for war purposes has increased so that it reaches into almost every home, the need for even greater care is obvious. If 80 per cent of American families fail to use their incomes wisely, and a budget is a real help in this, the nation will reap a harvest of poor health, undernourishment, illiteracy, crime and discontent.

5. Functions of a Budget.

There are many functions and they are real. Following are some of the most important: (1) To provide welfare. Production should be for welfare. Distribution should be for welfare. Consumption, by all means, should be for welfare. Welfare calls for thought and planning. Planning calls for a budget. (2) To adjust income to needs and needs to income. In other words, the average consumer receives so little and needs so much, he must use the most efficient method possible to adjust income and expenditures in a way that will give him a maximum income in goods and services. (3) To give the consumer the necessary information for a comparison of expenditures he has made for different goods and services. Such a comparison will make it easier for him

to spend more wisely in the future; and, (4) To simplify for the consumer the stoppage of leaks in family expenditures. It provides the easiest and most sensible way to stop foolish spending.

6. Budgeting Increases Real Income.

What is real income? How does real income differ from monetary income? Real income is the value to the consumer of the goods and services he gets in exchange for his dollars and cents. Monetary income is the amount of dollars and cents he receives from all sources. Real income results from three distinct factors. The consumer needs to remember that what he wants most is real income, that is, high quality goods and services in abundance. What are the factors which tend to give the consumer what he needs and wants most, the highest possible standard of living? They are as follows: (1) The amount of income in dollars and cents. If one has a low monetary income, it is difficult or impossible to exchange it for high quality goods and services in abundance; (2) The average price level. The consumer is vitally affected when the price level changes up or down unless his monetary income moves up or down in the same degree. When prices rise, the consumer is hurt badly unless his monetary income rises and in the same percentage. When prices go down, the consumer is helped unless his monetary income falls to the same extent. A low price level is generally favorable to the consumer because it usually means an abundance of goods and services available for the market; (3) One's buymanship. It is possible for the consumer to receive a reasonable dollar income while there is available in the market lots of high quality goods and services at reasonable prices, and still provide himself with a low real income. Just stop and think how foolishly one can and some do spend their money. The consumer

who spends foolishly wants a high standard of living; he fails to see that he must plan for a high standard, if he expects to have it. The consumer must be taught that a high standard of living results from the following realistic factors: (a) reasonable dollar income; (b) reasonable prices; (c) good buymanship; and (d) sensible consumption.

7. The Necessary Steps in Drawing Up a Budget.

It was emphasized earlier that a budget does not need to be elaborate. The consumer is primarily a small business man, the family primarily a small consuming unit, and not a keeper of records. An effective budget can be kept on a paper bag, in a small notebook, or in an inexpensive ledger. The important thing is not how or where the budget is kept. The real need is to keep one, one that will serve the needs of the individual or family. The necessary steps are: (1) Investigation and discussion of the family income and expenditures. This is a job for the entire family to discuss and to understand; (2) Drawing up the budget. The first budget should be as accurate an estimate of income and necessary expenditures as possible. When the trial budget is complete, the most important items should be taken care of first; (3) Keeping the records. A record of all incomes and all expenditures should be made in a simple way which will take little time; (4) Checking and analyzing expenditures. Checking should be done in order to disclose any miscalculation and also to keep the consumer aware of his budget. Expenditures should be analyzed in order that the consumer can get some idea whether or not he is spending his money wisely; (5) The consumer should study sample budgets written by authorities in the field to learn what is considered a wise expenditure. Sample budgets are available in the texts referred to at the beginning of this unit and from many govern-

mental and private sources. You will find it easy to secure sample budgets.

STANDARDS FOR CONSUMERS

(Based on Gordon's *Economics for Consumers*, Ch. 25; and, Andres and Cocanower's *Economics and the Consumer*, Ch. 17.)

1. The Need for Consumer Standards.

The business world considers standards essential and most all trade is based upon standards; they are so common we take them for granted. We have standards for measuring time, and where is the person who objects to such standards? We have standards for measuring dimensions, and no one thinks them unnecessary or too expensive. We have standards for measuring bulk, and no one doubts the wisdom of having them. We have standards of weight, and business would be chaotic without them. We have standards, though not very good, of value. The dollar is our standard of value and it is not as accurate as it should be because of its wide fluctuations in buying power. Yet the dollar is a far better standard of value than one which the average consumer could prepare by himself. There was a time when none of the standards mentioned above had been worked out and established. Why were they established? Principally because the business world demanded them.

There is one very important standard, so far as the consumer is concerned, that is missing. The missing standard is the standard for quality. A quality standard for the consumer exists in few articles, except in so far as price is a quality standard, mainly because consumers have not demanded it. Quite naturally the business world has not asked for consumer or consumption standards because it is not considered profitable. Here is an example of what the average consumer faces

when he buys asparagus which has been sold under the following grades: colossal, jumbo, extra select, select, extra fancy, and fancy. What is the poor consumer to do when he reads such magnificent names of grades? Olives have been sold under such names as: medium, large, extra large, mammoth, giant, colossal, and super-colossal. What does the consumer know after reading all these extravagant trade names?

2. The Consumer Faces Millions of Brands.

The consumer actually does have to choose between millions of brands. The uneducated consumer is quite liable to substitute brands for standards. There are approximately 4,500 brands of canned corn, 1,000 brands of canned salmon, and 1,000 brands of canned peaches. It is impossible for any consumer to determine the real merit of brands of canned corn, salmon, and peaches. If the consumer ate nothing but canned corn for the rest of his life he still could not determine the relative values of 4,500 brands of canned corn. The average consumer likes a certain brand; that is, it tastes good or otherwise satisfies him and so he continues to buy it. In many cases other brands are better and even sold at lower prices, but in the absence of standards the consumer cannot take advantage of the superior quality good or service at the lower price.

3. What Is a Consumer Standard?

A consumer standard is like any other standard; therefore, a definition of one standard is sufficient for any standard. A standard is a model for a material object or a rule for a course of action, established by law, custom, or otherwise. A standard, then, gives the consumer a basis for judging other products of the same general nature; this is one of the consumer's greatest needs. There is no more reason why the consumer should buy and consume his goods and services according to the sales-

puffing of the producer and seller than there is reason for the business world and for our governments to buy and use without setting up specifications and demanding that goods and services meet those specifications. Business and government refuse to accept advertising and sales-puffing at face value; why should the consumer accept it, unless the producer and the seller prove to him that he can depend upon it? And the only way the consumer can depend wholly upon what the producer and seller tell him is to insist upon standards.

4. How the Federal Government Buys.

The consumer can be quite sure it does not buy by ordering according to brand or trade names. The National Bureau of Standards gives much of its time to setting up standards for the Government. Before any standard is established by the Bureau of Standards, it allows businesses to offer their criticisms and evidently is guided somewhat by such criticisms. The specifications set up by the Bureau of Standards are modified from time to time as new discoveries are made and as new processes are introduced. The standards arrived at are known as Federal specifications and are provided free to state, county, and city governments.

Here is an example taken from Andres and Cocanower, of the way the Government buys under its Federal specifications. It deals with the process by which the Federal Government buys dentrifice for the Army. The specifications presented to the sellers by the Government stipulate the following: (1) what the dentrifice must contain; (2) what it may contain; (3) how much moisture is permitted; (4) the standard of purity of materials used; (5) the size and hardness of materials used; (6) the kinds of flavoring and coloring materials permitted; (7) the size of the tube and the

composition of materials from which the tube is made; and, (8) many other details, including the formula, which the bidder must submit with his bid for the order. The lowest bidders get the orders for tooth paste, but the seller is not paid until samples taken from contract shipments have been tested and found to meet specifications.

5. Informative Labels, Rather Than Testing, Are the Hope of the Consumer.

It is not possible for the individual consumer to buy in the same manner as the Federal Government. Consumers cannot check samples by laboratory methods. Since the Consumer cannot make tests for himself, informative labels would be of great value to him. If a consumer could look at a good and see it was Grade A, and the consumer knew what quality he could reasonably expect Grade A to be, he could choose and buy intelligently.

The OPA Supplementary Order No. 29 ("Retailers Economy for Victory Plan," November 24, 1942) recommends that retailers "Extend the use of informative labeling which gives full information of quality, care and use of goods. With informative labels, self-service is more feasible, returns are fewer and inventories smaller." Since there is a Standards Division of OPA, soon, no doubt, the Consumer will be able to make his purchases on a more intelligent basis than in the past with the help of this wartime governmental agency.

XII. PRIVATE AGENCIES SERVING CONSUMERS

(Based on Shields and Wilson's Consumer Economic Problems, abridged, Ch. 11; and, Andres and Cocanower's Economics and the Consumer, Ch. 18.)

1. Consumers' Testing Agencies.

In 1927, Stuart Chase and F. J. Schlink published a book called *Your Money's Worth*. According

to the authors the number of requests for consumer information was so great that they decided to establish a testing agency for consumers. It is well known that the book, *Your Money's Worth*, soon became a best seller, showing that consumers were really anxious to get reliable information concerning the goods and services they purchased.

Consumers' Research, Inc., was organized for the sole purpose of testing and rating consumer goods and services and making such information available for a price. Consumers who purchase this service are furnished with a handbook of buying once a year, and a number of smaller bulletins scattered throughout the year for the price of three dollars. Commodities are rated both as to quality and price. Quality ratings are "recommended," "intermediate", and "not recommended". Price ratings are 1, 2, 3, in increasing order of price. The price ratings are independent of quality ratings. Subscribers are required to keep certain materials confidential. The correct address is: Consumers' Research, Inc., Washington, N. J. The regular price for the entire service is three dollars per year. Teachers should inquire about special rates for entire classes of students.

Is Consumers' Research dependable? In answer to this common question, one can safely make certain statements: (1) This agency sell only information and it must sell reasonably reliable information; otherwise, it would have failed years ago. (2) The results of testing consumer goods arrived at by such an agency are certain to be far superior to consumer guess-work and seller advertising. (3) Such agencies are not popular with the business world and would most certainly be attacked in the courts if the information sold was incorrect.

Consumers' Union was organized following a strike of office workers at the Consumers' Research Laboratory in 1935. Its offices are located

at 17 Union Square West, New York City. The cost of this service is approximately \$3.50 per year. Its testing and rating functions are modeled after that of Consumers' Research, but it offers in addition information on the labor policies of the manufacturer. Consumers' Union reports commodities as "Best Buys", "Acceptable," and "Not Acceptable."

In comparing Consumers' Research and Consumers' Union, points may be made in favor of each. The services are similar but they differ on the question of reporting the conditions back of the products. Consumers' Research sells its findings on the quality and price of commodities. Consumers' Union sells its findings on the quality and price of commodities and offers information concerning the business practices of the producers.

Is it economical for the consumer to purchase one or the other service? The answer is yes. Scientific information about the many goods and services purchased by the average individual or family is vitally necessary. The average individual or family cannot depend entirely upon the advertising he sees and hears and the sales talks he is given. The average consumer must have scientific, and as nearly unbiased, information concerning commodities as is possible. Each family, no matter how small the income, can afford to spend three dollars per year for Consumers' Research or \$3.50 per year for Consumers' Union; the average consumer cannot afford to get along without some information such as is provided by testing agencies.

2. The Seal of the American Dental Association.

In 1930, the American Dental Association decided to set up standards to encourage honesty in dentifrice advertising. Any manufacturer agreeing to conform to the rules of the Association may print the seal on his dentifrice package and on

the advertising of that dentifrice. A council of scientists known as the Council on Dental Therapeutics considers the application for the use of the seal.

The principal requirements for use of the seal are as follows: (1) the composition of the dentifrice must be published; (2) it must contain no ingredient known to be harmful when used as a dentifrice; (3) no claims may be made that the dentifrice cures diseases, or that it produces a particular chemical reaction in the mouth, or that it kills bacteria or prevents the increase of bacteria; (4) dentifrices put on the market after 1930 cannot use the words "Doctor", "D. D. S." or "Dentists" in their names; and (5) it must not be some well known con-proprietary mixture put under a proprietary name.

The consumer should know that the seal does not mean endorsement of the dentifrice by the Association. The seal, however, does give the consumer protection against dangerous dentifrices. The consumer may and should ask for dentifrices that carry the seal.

3. The United States Pharmacopoeia Standards.

The consumer is also afforded protection when he buys a medicine or drug bearing on its label the letters "U.S.P." Such marking tells the consumer that the drug or medicine at least meets the standard of quality and purity established by the Federal Government. When the consumer sees two brands of a certain product marked U. S. P., he knows that both are good quality and he can select the best buy.

4. Other Agencies Serving the Consumer.

If one will examine the references given for this unit, and other sources, he will find that many agencies are operating in one way or another to serve the consumer.

XIII. WHAT IS THE RIGHT DIET?

(Copied from *The New York Times Magazine*, September 13, 1942.)

1. By E. V. McCollum, Department of Biochemistry, School of Hygiene and Public Health, Johns Hopkins University.

The essential constituents of an adequate diet, so far as these have been identified are:

At least ten of the twenty-two amino acids which arise from the digestion of proteins.

Four fat-soluble vitamins—A, D, E, and K.

At least nine vitamins which are dissolved by water and which never occur associated with fats:

Vitamin C (ascorbic acid)

Thiamin (vitamin B₁)

Riboflavin (vitamin B₂, vitamin G)

Niacin (nicotinic acid)

Pantothenic acid

Pyridoxin (vitamin B₆)

Chlorine

P-aminobenzoic acid

Biotin

One type of fatty acid (linoleic acid).

A source of dextrose.

At least thirteen inorganic or mineral elements—sodium, potassium, calcium, magnesium, chlorine, phosphorus, sulphur, iodine, iron, copper, manganese, zinc, and cobalt.

Water and oxygen.

In recent years there has been a growing tendency to make people vitamin and mineral conscious. Within limits this movement is sound, since diets are frequently deficient in certain of these nutrients. Informed people agree that the provision of an adequate diet is one of the most fundamental influences in promoting health. There is, however, much evidence that many people are becoming educated to look upon some of the essential nutrients as remedial rather than nutritional agencies. We require approximately forty known nutrients, and the plac-

ing of undue emphasis on certain of those which are available for sale, rather than on the health significance of a complete and satisfactory diet, appears to be creating wrong impressions in the public mind concerning the wise course to follow in selecting food.

Even twenty years ago, when knowledge of food and nutrition was much less extensive than it is today, investigators had clearly shown which combinations of natural foods are complete nutritionally and will support a superior standard of growth, fertility, reproduction and longevity. They had shown that such combinations as white bread, lean meat, potato and sugar were inadequate. It was then pointed out that many Americans and Europeans were making serious mistakes in the selection of foods, and that this was reflected in their standards of health.

Even twenty years ago dietitians and any one sufficiently interested to follow the scientific literature were advising people to build their menus around an adequate nucleus of the protective foods: milk and its products, eggs, leafy vegetables, fresh raw fruits, and vegetables, meats and their equivalents in other foods of animal origin. At that time it was emphasized that highly refined cereal products and sugar were being consumed in such quantities as to constitute a menace to health. The older advice to those without technical knowledge of foods was to make a wise selection of common foods so as to insure that any nutrient which was deficient in one article in the diet would be supplied by another. The regular consumption of sufficient amounts of the protective foods, it was asserted, would provide these nutrients which were lacking in the fraction of our diet which was derived from refined products.

This advice is just as sound today as it ever was. It is not only sound but practical. We in America are

still able to produce at appropriate cost an abundance of all the protective foods. To produce and consume them is the wisest policy from the standpoint of safeguarding both the nation's health and agriculture—the most basic of our industries.

Any one can realize the best health which his inheritance makes possible by taking a diet composed of a well-selected list of natural foods, prepared in ways which are familiar to all food cooks. Instead of so much emphasis on the deficiencies of this and that food, and of the daily requirements of this or that vitamin in units which are meaningless to the ordinary persons, we should devote our efforts wholeheartedly to instructing every one that a well-selected diet of natural foods is wholly adequate for the maintenance of optimum health. For

more than twenty-five years I have been recommending to the women of America a food pattern similar to that appearing in the chart on this page.

Following is a summary of Dr. McCollum's Food Pattern. The pictorial chart, prepared by Dr. McCollum and published by *The New York Times Magazine* on September 13, 1942, is headed, "The Foods That We Should Eat, the Amounts We Should Eat Daily, and the Reasons We Should Eat Them." According to Dr. McCollum, who is one of our outstanding authorities, the food pattern presented is sufficient to maintain health for the average person and will satisfy both the hidden hungers and ordinary appetites.

THE AMOUNTS WE SHOULD EAT

- | | |
|---|---|
| (1) Milk and milk products, cheese, evaporated milk, buttermilk. For growing child, three fourths to one quart; nursing or expectant mother, quart; adults, one pint. | (1) Our best all around food. It furnishes protein, carbohydrate, fat, minerals, and vitamins. One-third pound of cheese is about equal to one quart of milk. |
| (2) Leafy, green or yellow vegetables, one or more servings. Potatoes, other vegetables, or fruits, two or more servings. | (2) Important source of vitamins and minerals. Cook a short time, use no soda. Macaroni, spaghetti and rice are not vegetables. |
| (3) Eggs, preferably one a day, at least three or four a week. Lean meat, poultry, sea food, one or more servings. | (3) Our chief source of protein. Include liver every week. For economy, substitute dried beans, peas, and lentils occasionally. |
| (4) Cereals and bread, two or more servings of whole grain. | (4) A very significant vitamin source if whole grain such as whole wheat, rolled oats, whole ground cornmeal, and whole rye are used. |
| (5) Fats and sweets, to round out the meal and to satisfy the appetite. Crude syrups, such as molasses, are superior to refined products in mineral content. | (5) Largely a source of calories; butter and some margarines contain vitamin A. |

2. By Norman Jolliffe, M. D., Associate Professor of Medicine, New York University College of Medicine.

It is not difficult to obtain a good nutritious diet, one that is optimal in all respects. Neither need it be monotonous or expensive, though it may be both without careful planning. The food must be cooked so as to preserve its vitamin and mineral content, and served so that each meal constitutes an adventure in good eating.

To obtain such a diet it is as important to know what not to eat as what to eat. So the first rule in obtaining an optimal diet is to eliminate as far as possible all foods poor or low in vitamins and minerals; sugar and sugar products and alcohol.

It is not sufficient to eliminate only unenriched white bread and cut down on the sugar in the coffee. It is equally important to eliminate the cocktail and reduce drastically the consumption of these products in pastries, candies, table spreads, alcoholic and carbonated beverages. The average six-ounce bottle of sweetened carbonated beverage contains two-thirds of an ounce of sugar. It is naive to think of one's self as virtuous or patriotic by omitting a lump of sugar in the coffee and taking the equivalent of four in each carbonated drink between meals.

After eliminating these nutritionally inferior foods it is then essential to follow a few simple rules in food selection. These are given in the chart on this page. (Dr. Jolliffe refers to the chart on pages ten and eleven of *The New York Times Magazine* previously referred to. The facts in the chart are summarized at the end of Dr. McCollum's article, quoted above.)

(Dr. Jolliffe has much additional and highly valuable information in his article, but lack of space and the fact that Dr. McCollum covered

the subject so thoroughly prevents further quotation.)

3. By Paul de Kruif, "Do You Really Know What You Ought to Eat?" *Reader's Digest*, April, 1942.

(This article which appeared in *Reader's Digest*, as well as the four articles on diet which appeared in *The New York Times Magazine* on September 13, 1942, should be read by every teacher of consumer education and by as many consumers as possible. Following is a quotation and a summary of seven rules designed to give the normal consumer a well balanced diet.)

Meanwhile, what specifically is "the well-balanced diet" that we are so often told we should follow for our health's sake and that we so often neglect? You will find the gist of it in the following seven rules based on a diet devised by Dr. Spies, who is one of America's outstanding nutritional scientists, and Miss Jean Grant, of Hillman Hospital Birmingham. Recently announced at a scientific meeting, after being under test in practical use for three years, it proves adequate for nutrition for young and old under normal conditions:

SUMMARY OF WHAT YOU OUGHT TO EAT

- (1) At least a pint of milk a day for every adult and a quart for every child. One-half this amount of evaporated milk may be used, or ten tablespoons of dried milk may be substituted for one pint of fresh milk.
- (2) A serving of lean meat daily for every adult and every child over eight years of age; from two to four servings a week for children under eight.
- (3) One egg daily for every adult and child over three years of age; four a week for children under three.

- (4) One serving of fresh or canned tomato or citrus fruit daily for both adults and children (for young children at least six ounces of tomato juice or two ounces of orange juice.)
- (5) One serving of potato every day for adults and children; two servings of other vegetables for adults and one serving for children under eight. Four to five servings of dried vegetables or nuts for adults and two to three servings for children under thirteen.
- (6) One serving of whole grain cereal for adults and children. Three slices of whole wheat or enriched bread for young children and six slices a day for older children and adults.
- (7) Guard against loss of vitamins and minerals in cooking by the following six rules:
 - (a) Do not peel or cut up vegetables or fruits and let them stand before cooking. If possible cook them whole with skins on.
 - (b) In cooking vegetables and fruits use as little water as possible and cook them as quickly as possible. Never add soda to vegetables.
 - (c) Whenever possible steam foods rather than boil or stew them.
 - (d) Never fry foods if it can be avoided.
 - (e) Do not chop or crush fresh vegetables or fruits and allow them to stand before serving.
 - (f) Frozen foods should be put on to cook while they are still frozen. If used raw they should be used immediately after thawing.

XIV. SHELTER FOR CONSUMERS

(Based largely on Gordon's Economics for Consumers, Ch. 22, Buying Shelter: to Own or Rent.)

1. How Important Is Consumer Shelter?

Next to food comes shelter as a human necessity. Man can live without clothing and many other commodities and services we consider necessary. Man cannot live without some kind of shelter. In the recent past, the American people spent eleven billions of dollars per year for shelter. In addition, three and a half billions of dollars were spent for fuel and light. In 1930, the value of dwelling houses alone was estimated at seventy billions of dollars. Homes constituted the second largest item in our national wealth and amounted to sixteen and a half per cent of the total. Land was valued at one hundred and twenty-five billions of dollars, the largest item in our total wealth.

2. The Backward Art of Home Building.

Suppose you go out to find a suitable house to buy or rent. What will the market offer you? It will offer you a rather poor house at a relatively high price or rent. That is, the price or the rent will be high when compared to the income of the would-be purchaser or renter. The owner, on the other hand, may not be making a reasonable return on his investment. What is wrong? We have not made the progress we should have made in home construction. The typical house is an ugly and poorly-arranged construction. Renting or buying prices are entirely too high for the average citizen. Why? Because building is localized, seasonal, subject to many hazards, and neither the builder nor the consumer has been educated. We can and we must apply mass production methods to home building. Mass production homes need not conform to one type any more than do mass production automobiles. It simply will mean good houses at low cost.

3. Financing the Purchase of a Home.

Most people who buy homes do so before they are able to pay cash. This is another story of installment buying and is quite natural since buying a home calls for a large investment. However, consumers must not lose sight of the fact that buying a home on credit adds to the cost. There are three main costs in connection with financing a home: (1) the land, including the improvements, accounts for about 20 per cent of the total cost; (2) the building, including the materials, the labor, the builder's overhead, and the builder's profit, accounts for about 70 per cent of the total cost; and, (3) financing, including interest, commissions, discounts on loans, etc., accounts for the other 10 per cent. The perfect method is for the consumer to have the money to build or buy the home he feels he needs and can afford. If he does not have it and feels he must build or buy, he should secure the funds necessary under the most favorable terms possible.

4. Should the Consumer Own or Rent?

First of all, we must clarify some false notions concerning the costs of home ownership. One of these is that the average renter buys the house he lives in and gives it back to the owner about every ten years. When one takes such a view it means he ignores the original cost, the upkeep and the risks involved in home ownership. Another false assumption is that it is cheaper to own a home than to rent. To determine the relative cost, it is necessary first to know whether the supply of homes is greater or less than the demand for homes. When the demand for homes is greater than the supply, it may be cheaper to build than to rent. When the supply of homes is greater than the demand, it may be cheaper to rent

than to build. In the final analysis, it should cost about the same to own or to rent. The biggest difference between the owner and the renter is that the owner buys the permanent services of a house; he must pay for it, pay the taxes, the upkeep, and assume the risk. The renter, on the other hand, just buys the services of the house and pays for it from month to month. The renter does not pay for the house, does not pay the taxes, the upkeep, nor assume the risks of ownership.

There are some factors, in addition to the dollar-and-cent cost of housing, which must be considered. First of all, to build or buy may be the only way in which to secure the type of home desired by the family. In the second place, home ownership may have profound influence on the family. It is apt to lead to better care of the property; it is liable to cause the family to feel it is a part of the community. It is almost certain to lead to savings which might otherwise be spent on less essential goods and services. Whether one should own or rent depends upon many factors, many of which are subjective, that is, in the minds of the members of the family.

5. Financing Homes Has Been Made Easier.

The recent depression caused the regular lending agencies to stop lending to home owners at a time when the home owners most needed loans. The Federal Government took a hand in the situation. The Home Loan Bank Act was passed in 1932, and the Home Owner's Loan Act in 1933. In 1934, Congress passed the National Housing Act. The Home Loan Bank Act encouraged and made available loans to financial institutions to help them carry mortgages. The Home Owner's Loan Act gave assistance to home owners by providing for direct loans to individuals to re-finance mortgages.

The National Housing Act, which set up the Federal Housing Administration, was designed to stimulate employment in the building trades. Under this act, the individual received financial assistance to buy a new home or to modernize one already owned. The Federal Housing Administration has become the usual channel for financing small new homes. It does not lend money to the home owner or would-be home owner, but guarantees loans made to him by others.

The prospective home owner selects the site for his proposed home, decides on the plan, and gets an estimate on the total cost of the project. Then, he goes to a bank or other agency and makes an application for a loan. The bank submits the plans to the Federal Housing Administration and asks it to approve the loan. Before giving approval, the Federal Housing Administration makes a thorough investigation of the person seeking the loan and of the proposed property. If the application is approved, the Federal Housing Administration will guarantee a loan as high as 90 per cent of the value of the completed property, provided it is not in excess of six thousand dollars. It may guarantee up to 80 per cent of the value of a home costing more than six thousand dollars. The maximum rate of interest on F.H.A. loans is $4\frac{1}{2}$ per cent. The consumer who is thinking of buying or building a new home should investigate every possibility for a loan if he wishes to borrow all or part of the cost.

Housing, or the lack of adequate housing, is one of our greatest social problems. The United States Housing Administrator said in his third annual report that the program being carried out under the F.H.A. did no more than scratch the surface. Now, we face the additional problem of crowding in defense areas. We can no longer ignore the fact that millions of

families are living in sub-standard homes. We can no longer ignore the fact that the price we are paying for poor housing facilities is greater than we can afford. We are saying today that all Americans must be well-fed, and, we must add, also, well-housed to keep them fit for Home Defense and War production.

XV. THE CONSUMER AND THE CLOTHING PROBLEM

1. Purchasing Clothing Presents a Real Problem.

During the fiscal year 1935-36 the average disbursements of consumer units were as follows: For food, the average consumer unit spent the sum of \$428, which was the largest expenditure item. The second largest expenditure item was for housing and amounted to \$241 per consumer unit. The third largest expenditure item was for household operation and amounted to \$134 per consumer unit. The fourth largest expenditure item, approximately the same as the third, was \$133 for clothing.

2. Savings Can Be Made by Planning Clothing.

Let us assume that the Doe family, Mr. and Mrs. Doe and John and Mary Doe, make up our consumer unit. Let us assume that this family will spend \$1,273 this year on all consumption items, and that it will spend \$133 for clothing. These are the averages discussed above for the fiscal year 1935-36. Although now earnings are much higher taxation also is higher so we must base our calculations on small incomes of a base period. We must keep in mind the fact that more than 50 per cent of all consumer units spent less than \$1,273 for consumption items and less than \$133 for clothing. As a matter of fact, one-half of all American families had incomes of less than \$1,160 in 1935-36. It is evident, therefore, that the average family

will have a very small amount of money to spend for clothing. This fact makes planning a necessity.

3. Planning Clothing Will Involve Certain Activities:

- (1) The buyer of clothing must read labels and understand their significance. Mrs. A told a group of women about a slip for which she had paid \$2.95 at a store which supposedly carried a high grade of merchandise. The slip looked fine when she bought it. Serious trouble appeared when the slip was washed; Mrs. A said the water looked as if she had washed out a flour sack in it. After the slip was washed, it was a thin mis-shapen garment, undesirable at any price. The only label on the slip was a trade name. Mrs. A said from that time she bought no garment that was not labeled, unless the seller could tell her exactly what was in the material. The first activity in which the wise purchaser of clothing engages is carefully reading labels.
- (2) The buyer of clothing must understand that a low first cost is not necessarily a good buy. Mrs. A was showing Mrs. B a handbag she had used for five years which was still good-looking. It had a good lining, good workmanship, a strong clasp, and was, of course, made of good leather. Mrs. B also had a handbag which she had purchased only recently for which she had paid almost as much as Mrs. A had paid for hers. The bag Mrs. B purchased was attractive when new, but, after some use looked disreputable.
- (3) The buyer of clothing should demand more information on the labels. Labels should tell the buyer exactly what materials are in the garments and

fabrics purchased. Labels should tell the buyer whether the material is completely shrunk, or what percentage it may be expected to shrink. The labels should tell the buyer whether or not the material is colorfast. If the material is not colorfast, the label should explain under what conditions the color will run. The buyer should demand such information.

4. Garments Should Be Selected According to Use and Wearer.

So far as dresses are concerned, the buyer should select a style and fabric that suits the individual needs of the person for whom the garment is purchased. Jane is a very retiring and timid girl who likes to dress in soft neutral colors, but her mother thinks Jane should wear more brilliant colors. The buyer should know that the selection of colors which are becoming to an individual is influenced by her age and size, her personality, and her complexion. The personality of an individual should not be overpowered by the use of too intense colors; personality is more important than costume.

In selecting the designs of clothing the personality of the wearer should be given much consideration. Provided the garment is suitable for the person who is to wear it, the next step is to examine the garment carefully to see that it is cut properly. The consumer should be sure the garment she considers buying is cut full enough to allow for alterations and for lengthening. The smart buyer of clothing examines the workmanship carefully; this calls for an examination of the inside as well as the outside of the garment. Finally, the wise consumer will examine the pockets, the finishing, the buttons, and the buttonholes. These elements usually indicate to the would-be purchaser the quality of the garment.

5. War Makes the Clothing Problem More Serious.

From *The Consumer and the War*: "As prices mount, day after day, manufacturers of consumers' goods sometimes try to conceal these rising prices by keeping price the same, but by putting cheaper materials into the goods. What does this mean to the effective functioning of our economy as a whole? What does it mean to defense and to war? The sheet that splits, the shirt that shrinks, the shoes made of more paper than leather, the suits made of shoddy materials, the dress that fades, the underwear that wears out before the winter is over—these have to be replaced. To you, the consumer, this means additional expense, and to our war program it means an unnecessary drain on the whole economic machinery."

6. Materials for Reference and Study:

- (1) "The Consumer and Defense," pages 7-8, and "The Consumer Faces Inflation," pages 8-9, addresses by Harriet Elliott. O.P.A. Consumer Division, Washington, D. C. Free.
- (2) "Women's Dresses and Slips: A Buying Guide," Bulletin No. 1851, United States Department of Agriculture, Washington, D. C.
- (3) "Buying Boys' Suits," Bulletin No. 1877, United States Department of Agriculture, Washington, D. C.
- (4) "Cotton Shirts for Men and Boys," Bulletin No. 1837, United States Department of Agriculture, Washington, D. C.
- (5) "Hosiery for Women," Miscellaneous Publication No. 342, United States Department of Agriculture, Washington D. C.
- (6) "Buy Shoes That Fit," *Consumers' Guide*, April 1, 1941.
- (7) "Informative Labeling," by Walcott, National Consumer-Retailer Council, Inc., 8 West

40th Street, New York City, 1941; price 25 cents.

- (8) Write to: Bureau of Home Economics, Washington, D. C. and ask for materials and references on Clothing Economics.
- (9) Write to: Consumer Division, Office of Price Administration, Washington, D. C., and ask for a copy of "Consumer Knowledge Builds Defense," Bulletin No. 11. This bulletin provides references to materials for clothing as well as many other consumer problems.

XVI. POSTWAR PROBLEMS AND THE CONSUMER

(Based largely on a report of the National Resources Planning Board, National Resources Development Report for 1942.)

1. The Economics of War.

The economic problems of war are of major importance. Every wide-awake American is conscious of the problems, economic as well as political, social, and moral which each consumer is facing and will continue to face until long after the present war has ended. Andres and Cocanower, in their chapter on "The Economics of War and Peace" divide the economic problems we are now facing as follows: (1) mobilization of manpower and resources; (2) financing the war; (3) controlling prices; and, (4) providing and rationing consumers' goods.

When the consumer is living in a nation at peace all production and distribution should be directed toward providing for and satisfying his needs and wants. But America is at war. America is now engaged in a global war. The consumer finds himself in a nation involved in a total war. Producing and distributing goods and services for the satisfaction of consumer wants has become more or less incidental. Winning the war we are now engaged in has become the major

need and the major objective of the nation. Our entire economic system is being altered to conform to the new national objective.

Mr. and Mrs. Consumer, the major problem facing us at this moment is the problem of winning the war. We know what we will face if we fail to win this war. We can win the war, but we must be ready to make great sacrifices. Whatever this war costs us, and it will be great, the war is not the only danger we face. The manner in which we handle our postwar problems will determine, to a great degree, the real effects of this war.

2. Postwar Problems—We Are Certain To Face Them.

- (a) The problem of postwar spending. When the war ends, there will be a rather sudden reduction in war spending. We see war spending increase day by day and we know it will continue to increase until the war ends. If drastic cuts are made in war spending soon after the war ends, it will produce far-reaching results. We will face the possibility of having many millions unemployed; such a situation will mean idle factories, greater relief funds than we can conceive, and less taxable income. We simply must not allow such a situation to develop. We may face more deficit spending by the Federal Government. How much will be necessary? That depends upon two major factors: (1) how much spending drops; and, (2) how long it will take our industries to change over from war production to consumer production.
- (b) The problem of a large postwar debt. The national debt is already large and we know it will become much larger. A huge national debt is not necessarily a catastrophe. The real results of a large debt will

depend upon: the rate of growth of the national economy; our ability to avoid large unemployment; our ability to better allocate our economic resources; our ability and willingness to improve our system of distribution; our ability and willingness to prevent economic waste; and our ability and willingness to place human welfare ahead of dollar-and-cent profits.

3. International Economic Problems.

Some of the most serious postwar problems will be in connection with international trade and monetary questions. After World War I, the United States supplied billions of dollars worth of goods to rehabilitate Europe, largely through loans made in the United States. We may have to make loans to Europe again, but, we must not think of it as profitable or as normal trade. If, however, we do not make huge loans to Europe, our foreign trade will certainly disintegrate. The degree of trade collapse will depend largely upon the monetary systems our exporters and importers will find in vogue. The gold standard will probably not be popular, since we have the gold and the other nations do not. Many authorities believe trading blocs will arise, that trading between blocs of nations will become largely a matter of barter, that trade between nations in different blocs will decrease, and that the net results will depend upon the nation's position and not upon any theory or plan.

4. Planning for Emergencies.

The following ideas, published by The National Resources Planning Board, clarify for us some probable postwar problems:

Collapse following the war would bring with it calamities as hard to bear as those of conflict. The gen-

eral welfare which we seek to establish cannot be achieved and held by arms alone but must be followed up by stabilization of the national welfare on a high level. As President Hoover's Committee on Recent Social Trends pointedly asked, "Is it beyond the range of man's capacity some day to take the enhancement of social welfare as seriously as the winning of the war?" We are firmly convinced that a depression need not follow the present emergency situation if the Government is alert and active, and is supported by the united effort of our national forces.

That a nation finds itself in a crisis is not a reason for ceasing to plan the use of its national resources, but, on the contrary, is the occasion for increased use of planning intelligence in many fields—industrial, governmental, both military and civilian, technical and scientific. Even the apostles of violence utilize planning techniques for their own purposes, and there is no reason why those who hold sounder ideas of liberty and justice should repudiate such planning as will contribute alike to winning the victory and its highest and best application to conditions of peace.

5. New Objectives.

We look forward to securing, through planning and cooperative action, a greater freedom for the American people. Great changes have come in our century with the industrial revolution, the rapid settlement of the continent, the development of technology, the acceleration of transportation and communication, the growth of modern capitalism, and the rise of the economic state with its economic programs. Too few corresponding adjustments have been made in our provisions for human freedom. In spite of all these changes, that great manifesto, the Bill of Rights, has stood unshaken for 150 years. And now to the old freedoms we

must add new freedoms and re-state our objectives in modern terms.

Freedom of speech and expression, freedom to worship, freedom from want, and freedom from fear—these are the universals of human life. Any new declaration of personal rights, any translation of freedom into modern terms applicable to the people of the United States, surely now must include:

1. The right to work, usefully and creatively through the productive years.
2. The right to fair pay, adequate to command the necessities and amenities of life in exchange for work, ideas, thrift and other socially valuable services.
3. The right to adequate food, clothing, shelter, and medical care.
4. The right to security, with freedom from fear of old age, want, sickness, unemployment, and accident.
5. The right to live in a system of free enterprise, free from compulsory labor, irresponsible private power, arbitrary public authority, and unregulated monopolies.
6. The right to come and go, to speak or be silent, free from the spying of secret political police.
7. The right to equality before the law, with equal access to justice in fact.
8. The right to education, for work, for citizenship, and for personal growth and happiness.
9. The right to rest, recreation, and adventure; the opportunity to enjoy life and take part in an advancing civilization.

XVII. SOME VALUABLE SOURCE MATERIALS FOR TEACHERS

(The list of materials which follows is by no means complete; it is merely a suggested list of teacher materials.)

Part One: Books for Reference.

1. *Consumer Economic Problems*, by Shields and Wilson, South-Western Publishing Company, Cincinnati, Ohio. 1940.
2. *The Consumer Investigates*, by Zu Tavern and Bullock, H. M. Rowe Company, Baltimore, Maryland. 1938.
3. *When You Buy*, by Trilling, Eberhart and Nicholas, J. B. Lippincott Company, Philadelphia, Pennsylvania. 1939.
4. *Your Personal Economics*, by Smith, McGraw-Hill Book Company, New York, New York. 1940.
5. *Consumers All*, by Gaer, Harcourt Brace and Company, New York, New York. 1940.
6. *Using Dollars and Sense*, by Floyd and Kenney, Newson and Company, New York, New York. 1942.

(The above list of books are good for the secondary level.)

7. *Economics for Consumers*, by Gordon, American Book Company, New York, New York. 1939.
8. *Economics and the Consumer*, by Andres and Cocanower, Houghton Mifflin Company, New York, New York. 1942.

(The two texts listed above are good for college level.)

9. *Consumer Education in the Schools*, by Tonne, Prentice-Hall, Inc., New York, New York. 1941.

(The text listed above is good for methods of teaching.)

Part Two: Research Information.

1. *Consumers' Research Bulletins*, by Consumer' Research Inc., Washington, N. J. A research organization selling its services to consumers for \$3.00 per year. Write for information and special class terms.
2. *Consumers' Union Bulletins*, by Consumers' Union, Inc., 17 Union Square West, New York City. A research organization selling its services to consum-

ers for \$3.50 per year. Write for information and special class terms.

3. *Consumers' Guide*, by Consumers' Counsel Division, Department of Agriculture, Washington, D. C. A research bulletin published by a Government bureau as an aid to consumers. The normal price is 50 cents per year. Teachers should ask to be placed on the free mailing list.
4. *Notices of Judgment under the Federal Food, Drug and Cosmetic Act*, by the Food and Drug Administration, Federal Security Agency, Washington, D. C. Free.

(The first two services are provided by private research organizations and the last two by Government bureaus.)

Part Three: Other Free and Inexpensive Materials.

1. *Consumer Knowledge Builds Defense*, Bulletin No. 11, by Office of Price Administration, Consumer Division, Washington, D. C. Free.

(Ask the above Agency to provide you with any additional materials and references it may have available.)

2. *The Consumer and the War*, by Office of Price Administration, Consumer Division, Washington, D. C.
3. *Some Principles of Consumer Education at the Secondary School Level*, by U. S. Office of Education, Federal Security Agency, Washington, D. C.

(Ask for any additional materials and references this Agency may have available.)

4. American Home Economics Association, 620 Mills Building, Washington, D. C.

(This is a rich source of information. Ask this agency to provide you with all the materials and references it has available.)

5. *Sources of Supplementary Ma-*

- terials for Courses in Consumer Education, Monograph 50, by South-Western Publishing Company, Cincinnati, Ohio. Free.
6. *The Status and Future of Consumer Education*, Monograph 51, by South-Western Publishing Company, Cincinnati, Ohio. Free.
 7. *Public Affairs Pamphlets*, by Public Affairs Committee, Inc., 30 Rockefeller Plaza, New York City. Write for list of available pamphlets and for terms on class orders.
 8. *Consumer Education Journal*, by Consumer Education Association, 45 Sunnyside Avenue, Brooklyn, New York. \$2.00 per year.
 9. *Consumer Education Service*, by American Home Economics Association, 620 Mills Building, Washington, D. C. \$1.00 per year.
 10. *Credit Problems of Families*, by U. S. Department of the Interior, Office of Education, Bulletin No. 206; for sale by Superintendent of Documents, Washington, D. C. Price 20 cents.
 11. *Reader's Digest*, by the Reader's Digest Association, Inc., Pleasantville, New York. \$3.00 per year; \$5.00 per two years.
 12. Visual Aids. Write to: Federal Security Agency, U. S. Office of Education, Washington, D. C., and ask for information on educational films. Several private concerns and several businesses either rent or provide films free, but the teacher should use only such films as are recommended by some education office or by some educational group. The U. S. Office of Education is a good starting place.
 13. Today much consumer information is available in newspapers, magazines, over the radio, and from other sources. The teacher should be reasonably certain that the information available is in fact intended to help the consumer.
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Part Two

TEACHER'S HANDBOOK ON OPA'S WARTIME ECONOMIC PROGRAM

(Revised October, 1942.)

The American people, as the President has time and again warned, face a hard and long war. Before victory is ours, we must train millions of men and equip them with tanks, planes, guns and ships. We must operate every farm, mine, factory, and railroad to the limit of its capacity. Only thus can we produce the military machines, supplies and equipment required by our armed forces and by our Allies to smash the Axis.

Chairman Donald Nelson of the War Production Board has pointed out that we are "over the first hump" of production of military goods. By the end of 1942, we shall reach, if not exceed, the President's quota of 60,000 planes, 45,000 tanks, 20,000 anti-aircraft guns and 8,000,000 tons of shipping. Yet in 1943, we shall probably have to step up war production to higher levels than ever before. This means that increasingly larger shares of our nation's resources of manpower, materials, plants, and transportation will have to be used to forge and deliver the weapons needed for victory.

American industries have already been geared to war as these illustrations show:

1. Radio industry—now makes transmitters and receivers for the armed services.
2. Washing machine industry—now makes gun mount parts, land mines, shells, bomber turrets and airplane engine starters.
3. Household refrigerator industry—now makes machine guns and airplane propellers.
4. Silver-plated flatware industry—now makes surgical instruments, metal buckles, cartridge clips, bomb holders and bayonets.
5. Typewriter industry—now makes various types of fuses, 30-calibre ammunition, rifles and 40 mm. projectiles.
6. Automobile industry—Army "jeeps," small and medium tanks, airplanes and big guns.

Civilians Must Do Their Part

While military production speeds ahead, we as civilians confront the necessity of making profound adjustments on the home front. We cannot continue living as usual and still win the war. We shall have to live more economically. We shall have to cooperate actively in the government's price control and rationing programs. We shall have to devote money from our income to war bonds and war taxes. We shall have to do without new tires, automobiles, radios, refrigerators, and washing machines; and reduce our consumption of gasoline, fuel oil, sugar, tea, coffee, and scores of other products. We shall have to refrain from buying what we do not absolutely need. We shall have to take good care of the things we have to make them last for the duration. We shall have to work to get in more scrap paper, rubber, metals, fats, and other materials urgently needed by America's war industries. We shall have to share our automobiles and cut out "pleasure driving." In summary, we shall have to do without most of our luxuries and some of our necessities if we are to provide sufficient food, clothing, and other necessities.

ties for the military and the civilian population.

Yet we civilians will gladly make all necessary adjustments in our ways of living in order to make America strong both on the battle front and on the home front. Everyone of us—man, woman, or child—can do his part in this great war-time effort.

ECONOMICS OF THE HOME FRONT

World War I

In this war we Americans want to prevent the repetition of inflation which occurred during and just after World War I. Between the summer of 1914 and the Armistice, living costs rose 63%. By June 1920 they had more than doubled. During this six-year period, flour and potatoes went up from 3 to 9 cents a pound, sugar jumped from 5 to 26 cents, lard rose from 15 to 29 cents, and bacon, from 27 to 55 cents. Butter soared from 24 to 68 cents, fresh milk increased from 9 to 17 cents a quart. Clothing prices tripled, and coal prices doubled. Although incomes also rose, they lagged far behind the rise in the

cost of living. This rise in the cost of living added \$13½ billions to the \$31 billions cost of the World War I.

During and after 1920, prices crashed. Farm prices dropped 54 percent between May 1920 and May 1921, and other prices fell 25 percent in 5 months. Hundreds of thousands of farmers lost their lands, homes, and savings. Five million workers lost their jobs. The total bankruptcy loss was twice that in any previous year.

World War II

Since World War II broke out and particularly since Pearl Harbor, we Americans have confronted economic conditions which threatened to disrupt war production and undermine living standards and morale. Among these conditions were sharply rising prices and uncontrolled distribution of scarce commodities.

Most of us are beginning to recognize that many incomes have been growing while supplies have been shrinking, although we failed to see how this affected the prices we paid. Government figures give us the exact story:

Year	Total Income Payments to Individuals	Total Outlay for Savings and Taxes	Balance Spent or Available for Spending	Value of Total Supply of Civilian Goods and Services
1941	\$92 billions	\$18 billions	\$74 billions	\$74 billions
1942	\$113 billions	\$29 billions	\$84 billions	\$75 billions
(Estimated)				

This table shows that in 1942 the demand threatens to exceed the supply by \$9 billions, at May price levels, that every \$8 in buying power is bidding for \$7 worth of goods and services. If left unchecked, this situation threatened to cause prices to skyrocket.

Most of us also know from personal experience that prices had been mounting sharply up until about the middle of May 1942. The Bureau of Labor Statistics reported that between August 1939 and March 1942, the retail prices of all cost of living items rose 16 percent.

Food prices were up 27 percent; clothing prices were up 23 percent; wholesale prices of 900 different raw materials were up 31 percent; and two-thirds to three-fourths of these increases had taken place since March 1941. As these prices rose, the buying value of the dollars in our pay checks and bank accounts dropped.

While prices moved upward, the supplies of many kinds of civilian goods declined, because of the conversion of our nation's plants to military production. By the close of 1942 the government estimates half

of all the nation's production will be goods for military purposes. As of July 1942, orders of the War Production Board stopped the manufacture of new washing machines, radios, refrigerators, vacuum cleaners, typewriters, automobiles and metal furniture for civilian use. Although there have been large stocks of these products on the shelves of stores and in warehouses, the prospects are that by the end of the year most of these reserve supplies will be in consumers' hands. There will be no more produced until we have won the war.

The President's Seven-Point Program

Recognizing the danger of skyrocketing prices, President Roosevelt, on April 27, 1942, sent the famous message to the Congress in which he outlined his Seven-Point Program "to keep the cost of living from spiralling upward." In his Fireside Chat the next evening, he summarized these points as follows:

- "1. We must, through heavier taxes, keep personal and corporate profits at a low, reasonable level.
2. We must fix ceilings on prices and rents.
3. We must stabilize wages.
4. We must stabilize farm prices.
5. We must put more billions into War Bonds.
6. We must ration all essential commodities which are scarce.
7. We must discourage installment buying, and encourage paying off debts and mortgages."

In his Congressional message, the President pointed out "that each one of these points is dependent on the other if the whole program is to work." He then called for "a simultaneous attack on all the factors which increase the cost of living." To the President's Seven-Point Program might well be added, "We must conserve the goods we

have and salvage the goods we cannot use." This all-out economic program sounded a challenge to the American people and to their governmental representatives.

THE OPA'S ECONOMIC PROGRAMS

1. Price Regulation

The day following, April 28, 1942, we were informed that the Office of Price Administration had announced the General Maximum Price Regulation.* This regulation was issued by the Price Administrator, under authority of the Emergency Price Control Act passed by Congress and signed by the President on January 30, 1942. Among the significant provisions of this Congressional Act was that prices could *not* be set on raw or unprocessed farm products until they had reached 110 percent of parity. The law furthermore did not authorize OPA to control wages or profits.

The General Maximum Price Regulation placed top or ceiling prices on most of the goods and services the consumer buys, except certain important goods. After the effective date, May 18, a retailer, wholesaler or manufacturer was not permitted to charge more for an article than his highest price during March 1942, the base period. The retailer, furthermore, was required to show plainly on signs the ceiling prices on certain things called "cost of living" items.

On April 28 the Office of Price Administration issued some 300 rent declarations. These declarations covered areas where about two-

* It is important to note that on June 15, 1942, the Bureau of Labor Statistics reported, "After 19 months of increase, the cost of living in large cities on June 2 was slightly lower than on May 15." In August 1942, the cost of living was 19% higher than it was in August 1939. Food costing \$1.00 in the summer of 1939 cost \$1.35 in August 1942. From July to August 1942, prices of food under ceilings rose 0.5%, while those not under ceiling rose 2.2%.

thirds of the people live. They provided that unless rents were reduced to stated levels within the named areas, OPA might take steps after 60 days to hold rents to levels prevailing at an earlier date, as far back as January 1941. The OPA might appoint its own rent directors to regulate rents and prevent evictions. While prices and rents under control ceased to rise, those uncontrolled continued to go up, causing the cost of living to advance slightly.

On October 2 the Congress passed an important amendment to the Emergency Price Control Act. This amendment gave the President much greater authority to control the cost of living. The next day he issued an Executive Order which established an Office of Economic Stabilization, with over-all power to direct the control of wages, salaries, profits, prices, and rents.

Acting swiftly to put into effect the President's directives, Price Administrator Leon Henderson placed emergency price ceilings over nearly all food items still uncontrolled. By this action, he increased from about 60 percent to a full 90 percent, OPA's control over the average family's food budget. At the same time he announced that shortly he would issue rent designations covering every dwelling unit in the country, urban and rural, not yet under control.

2. Rationing

In addition to price control the OPA is responsible for working out and administering rationing programs.

For all Americans, rationing is something new. For some it is quite upsetting; yet it is something which we will accept and support if we understand why it is an imperative wartime measure. It is the one way by which every American is guaranteed the right to share in the supply of a necessary commodity which is running short.

As the President so well said,

"With respect to rationing, it is

obviously fair that where there is not enough of any essential commodity to meet all civilian demands, those who can afford to pay more for the commodity should not be privileged over others who cannot. I am confident that as to many basic necessities of life, rationing will not be necessary, because we shall strive to the utmost to have an adequate supply. But where any important article becomes scarce, rationing is the democratic, equitable solution."

We Americans now have nationwide tire rationing, because when the Japanese invaded Malaya they cut off 98 percent of our nation's supply of raw rubber. What tires and rubber stocks we have on hand are allocated to meet military needs and to maintain essential civilian services such as police, fire and health protection.

Sugar rationing was put into effect because of scarcities in the supply. These scarcities were due to (a) increased use of sugar in making industrial alcohol for smokeless powder and plastics for war purposes, (b) shipping shortages and losses through submarine attacks, (c) loss of Philippine source of supply, (d) lend-lease shipments to Allies, and (e) hoarding on the part of users. Rationing, of this sweet was introduced therefore to protect the needs of all civilians.

Gasoline rationing was instituted in the Eastern states because of a real shortage in the supply there, due to the inadequacy of transportation facilities. Submarine sinkings of tankers carrying gasoline and oil to Eastern ports and the necessity of using American tankers to haul fuel to our Allies were in the main responsible for this gasoline shortage. Pipelines, overburdened railroads, and barges were unable to keep Eastern supplies of gasoline up to normal levels. In the light of these conditions, filling stations in the East in July 1942, were allowed to buy only half the

gasoline they bought a year before and were required to sell to motorists on the basis of the ration books issued by OPA.

On September 10, 1942, the President's rubber committee reported that

"Tires on civilian cars are wearing down at a rate eight times greater than they are being replaced. If this rate continues, by far the larger number of cars will be off the road next year and in 1944 there will be all but complete collapse of the 27,000,000 passenger cars in America."

In order to prevent this danger the Committee recommended the following steps to conserve the civilian supply:

1. That no speed limit above 35 miles an hour be permitted for passenger cars and trucks. (In this way the life of tires will be prolonged by nearly 40 percent.)
2. That the annual average mileage per car now estimated at 6,700 miles a year be held down to 5,000 miles, a reduction of 25 percent. (This does not mean that each has a right to 5,000; it applies to necessary driving.)
3. That more rubber than is now given to the public be released to maintain fully, by recapping or new tires, necessary civilian driving.
4. That a new system of rationing gasoline be devised, based on this 5,000 miles a year to save tires, and that it be national in its application.
5. That compulsory periodic tire inspection be instituted.
6. That a voluntary tire conservation program be put into effect until gasoline rationing can be established.

On September 14, 1942, the President appointed a "rubber czar" to have charge of carrying out the program necessary to conserve existing tires and keep essential civilian cars in operation. It may be neces-

sary very soon to place the entire nation under a system of gasoline rationing, not because there is a shortage of gasoline but because this restriction seems to be necessary to conserve the tires on civilian cars.

On October 1, 1942, rationing went into effect on fuel oil in the East and in certain midwestern states. People were urged to convert their oil-burning furnaces to coal furnaces if at all possible. Fuel oil supplies to each consumer were to be reduced about 25% and consumers were told it would be necessary to keep homes during the daytime at a temperature of about 65°.

Other rationed articles include automobiles, bicycles, typewriters, and certain kinds of occupational rubber footwear. As the war goes on, the government may find it necessary to ration other scarce articles.

3. Conservation

Price regulation and rationing both are related to the conservation of goods on the part of the civilian population. Therefore, the OPA is undertaking a program which encourages consumers to take good care of the things they have and to cut their buying of new goods to the minimum necessary to maintain essential living standards.

Conservation is particularly important in relation to durable goods. Refrigerators, stoves, radios, electrical appliances, automobiles must all be made to last for the war. Conservation of woolen clothing, of silks, of shoes and many other articles civilians wear is becoming more and more important.

There is also need for salvage of things made of rubber, metals, fats, newspapers, and other materials.

Here are a few examples which show how salvaged civilian goods can be made over into military goods.

1. Steel in one washing machine will make three machine guns.
2. One five-pound flat iron contains enough steel scrap to make

10 hand grenades.

3. A pair of roller skates, two door hinges, one door lock, one old spade, one trash burner, and one trash basket will make four .38 calibre revolvers or eight bayonets.
4. One pound of waste kitchen fats contains enough glycerine to fire four anti-aircraft shells.

4. Standards

"Under the stress of war conditions, the specifications of innumerable articles are changing. Substitutions are becoming commonplace. Wood, glass, and plastics are replacing steel, aluminum, copper, and brass. Silk has gone entirely and rayon and nylon are being increasingly used for war purposes. Even cotton goods are in such demand as to reduce substantially various types used in civilian merchandise.

"In the food field, war has compelled changes in packaging. Glass has replaced cans in a number of things and the armed forces are using whole crops of some foods. Shortages are inducing concealed quality changes, and, in some cases, misbranding and upgrading.

"For the ordinary civilian, this situation makes more difficult than ever the problem of 'getting your money's worth.' Price control can prevent plainly visible increases on the price tags, but of itself cannot protect the shopper against debasement of quality, use of inferior materials, and 'skimping' on quality, measurements, or workmanship . . . ¹

The OPA is launching a direct attack on the hidden price increases that result from unnecessary debasement of quality, use of inferior materials, and "skimping" on measurements and workmanship through its Standards Division. This Division will develop specific standards for inclusion in all OPA regulations where quality of product is a factor.

How OPA Is Organized

The Office of Price Administration is headed by Price Administrator Leon Henderson. In the national office, the staff is grouped into six general departments: (1) the price department; (2) the rationing department; (3) the General Counsel's office; (4) the rent department; and (5) the information department. Each department is headed by a Deputy Administrator. In the Department of Information is the Educational Relations Branch, which is responsible for working with organized educational institutions.

There are nine regional offices with headquarters located in Boston, New York, Atlanta, Cleveland, Chicago, Denver, Dallas, San Francisco, and Washington, D. C. (for the U. S. Territories and Possessions). There are also State OPA offices in each of the 48 states. Both regional and state offices have persons in them responsible for price, rationing, legal, consumer, and educational relations work.

Within the states, there are some 5,600 local War Price and Rationing Boards. These Boards are composed of volunteers selected originally by heads of local defense councils, and approved by the state OPA offices. Most Boards are provided with the services of a paid secretary and necessary clerical workers. Within the states, also, there are local Rent Directors in areas under control.

The Department of Information has been given the major responsibility for OPA's educational program. It is working to inform consumers regarding the "why," "what," and "how" of OPA's measures of price regulation, rent control, rationing, and conservation. It is encouraging consumers to participate as individuals and groups toward understanding these measures and toward making them more effective. The Department of Information recognizes that enlightened public participation is essential to the suc-

¹ *Victory* for September 15, 1942; p. 15.

cess of OPA's war-time economic programs.

As an integral part of the Department of Information, the Educational Relations Branch works with schools and colleges, helping them to develop consumer education programs, projects, and activities related to the war-time needs and responsibilities of the consumer public.

The Role of Educators

Already thousands of our nation's teachers and administrators have contributed directly to OPA's programs to protect the home front. Ably and devotedly these teachers have assisted in registering civilians for sugar rationing and gasoline rationing. Some have served as volunteers on local rationing boards in their communities, and others have participated in setting up and in providing professional services to volunteer War time Consumer Information Centers.

In addition to these volunteer services as citizens, teachers have a great opportunity to build understanding and to guide participation in their own classes and schools. No matter at what grade levels or in what subjects he specializes, every teacher can help inform students regarding price and rent control, rationing and conservation measures, and can stimulate them to carry on activities designed to make these measures effective. Teachers at the elementary, high school, and college levels, teachers of social studies, home economics, business education, science, mathematics, English, fine and industrial arts, vocational guidance and physical education—all can do their part toward making education work to help solve the wartime economic problems of consumers within their classes, schools, and communities.

Recognizing the need, many teachers are asking, "What can we do in our school?" To assist them in getting a wartime consumer education program under way, here are some practical suggestions.

Setting Up A School-Wide Program

The Administrator, a group of teachers, or the school's War Policies Committee may call a special meeting of all teachers interested in this field of wartime education. At this first meeting, the group may discuss the "why," "what" and "how" of OPA's wartime economic programs. It may then block out specific proposals of what can be done in various courses, in the school as a whole, and in the community.

This group may find it advisable to organize itself as the school's Wartime Consumer Educational Council, with a chairman and a secretary. The secretary should keep in touch with the Educational Relations Branch of the OPA Consumer Division in order to receive publications and suggested programs and to report what his school is doing in this field.

At this or succeeding meetings the Council may appoint committees to work on special aspects of the program. One committee, for example, may be made responsible for such school-wide activities as assembly programs, conservation and salvage campaigns, lunchroom projects, student club work, and school and home cooperation. Another committee might explore the possibilities of developing special units of study or projects to be undertaken in various courses and at successive grade levels.

What Individual Teachers Can Do

Meanwhile, interested teachers may go ahead to include wartime consumer education in their own classes. With reference to price control, for example, they can hold discussions of the reasons why prices tend to skyrocket during a war period; the effect of inflation upon the consumer's pocketbook and living standards and upon the nation's war effort; the measures which Congress, the OPA and other government agencies are taking to keep the cost of living from spiraling upward; and what consumers, stu-

dents, and adults can do to halt unnecessary price rises. With reference to rationing, classes can discuss why and how the war effort is curtailing certain kinds of civilian supplies, and what the government and civilians can do to assure fair and equitable distribution of scarce essentials. Throughout each discussion, teachers can stress the effects of wartime economics on the living of consumers as individuals and in families, and the adjustments which consumers can and should make in the light of these effects.

Whenever possible teachers may employ methods which involve "learning by doing." At all grades of the school, it should be recognized that there are opportunities for students to understand and participate in price control, rationing, and conservation measures. Students, for example, can develop their own programs for cutting down on sugar consumption and for stretching the life of their clothing.

Teachers furthermore may undertake a variety of classroom projects in which students prepare posters on sugar saving; charts on price, income and supply trends; exhibits on rubber shortage and conservation; short informal plays on "the war against waste;" and an "Information Please" program.

Both content and method of teaching wartime consumer problems should be geared to the experience and the maturity level of students.

Programs Can Be Built For All Levels and Subject Fields

At the elementary school level, pupils can learn ways of saving and repairing clothing; of avoiding unnecessary wear and tear; of using school supplies sparingly; of caring for all toys and particularly for those made of rubber and metals; of salvaging paper, rubber, metals and kitchen pots; of eating the right foods to maintain health, growth and physical efficiency.

At the junior high school level, pupils can engage in a number of

projects. In social science they can prepare a large picture map showing the sources of American's raw rubber supply and what has happened to these sources since Pearl Harbor. They can then make a list of the things which the government and civilians are doing to stretch the limited rubber supply to meet military and civilian requirements.

At the senior high school level, social studies teachers can have their students learn the reasons for price and rationing regulations, the general content of such regulations, and the methods of their administration. Social studies teachers furthermore can have students discuss the political as well as the economic aspects of the President's Seven Point "cost-of-living" program. This discussion would cover such questions as, "To what extent has Congress put the President's Seven Points into legislation?" "What objections have been raised and by what groups?"

Home Economics teachers can have their students concentrate upon methods of income management during wartime; of shopping under price ceilings; of wise buying, use and care of clothing and household equipment; of planning school lunches and family meals to meet nutritional requirements; of getting sugar rations, and of stretching these rations through reduced consumption and use of substitutes; and of identifying content and quality of consumer goods to detect unnecessary deterioration.

Business education teachers can have their students examine the economic effects of the war upon various types of businesses at the manufacturing, wholesale, and retail levels. Through field trips and other ways, these students can find out what retailers are doing to adjust themselves to problems of shortages, price regulations and rationing, and how consumers and retailers can cooperate in stretching available supplies and in effecting economies in marketing methods.

English teachers can have their students devote letters, leaflets, slogans, speeches, debates, poems, articles for the school paper to the problems of consumers in wartime and to desirable solutions. Fine arts teachers can have students prepare charts, graphs and other visual displays for popular support of price control and rationing, salvage campaigns, war stamp and bond drives, reduction of waste in the school and in the home, pooling of automobiles and sharing of household equipment and conservation of rubber and other scarce essentials. Industrial arts teachers can concentrate upon helping students to learn methods of caring for and renovating household furniture; of conserving plumbing equipment; and of efficient firing of coal and oil furnaces. Physical education teachers can help students to develop new methods of recreation which build strength and physical fitness and which require the expenditure of little or no money.

A Suggested Outline for School Use

Numerous requests have been made for outlines of the problems of wartime economy which should be taught in school. In order to indicate the major problem areas with which we are dealing, the following outline is suggested. While these problem areas are primarily intended for the secondary school level, various phases of them may be studied in the elementary school. Each school should decide where the problems can best be treated and by what individual teachers.

Additional material for both teachers and pupils will be developed later. Those who are interested in receiving this material should write to the Educational Relations Branch, Consumer Division, Office of Price Administration, Washington, D. C.

A Study Outline On Wartime Economics

A. Consumers in Wartime

1. Why are we all consumers?

2. How has our living been affected by the war?
3. What can we do as consumers to help win the war?

B. The Fight Against Rising Prices—Inflation

1. What is inflation?
2. What causes inflation?
3. What are the dangers of inflation?
4. What can be done about inflation?
5. What is the government doing?

C. Putting Ceilings on Prices

1. What is a price ceiling?
2. Why do we have price ceilings?
3. What goods have price ceilings?
4. What goods do not have price ceilings?
5. How are price ceilings set?
6. What are some of the basic requirements of the regulations?
7. What are the penalties for the violation of price controls?
8. Are price controls a new practice?
9. How can we help to make regulation effective?

D. Fight Against Scarcity—Ration

1. What does rationing mean?
2. Why is rationing necessary in wartime?
3. How should rationing be done?
4. How does the government plan work?
5. Commodities being rationed.

E. Savings in Wartime

1. Why must we save in wartime?
2. How much should we save?
3. What shall we do with our savings?
4. What kind of wartime savings plan should we have?

F. Buying in Wartime—Foods

1. Why is it important to plan your buying in wartime?

2. What wartime changes affect our buying practices?
3. How can we help stretch the food dollar?
4. What should the wartime emergency food pantry contain?

G. Buying in Wartime—Clothing

1. What clothing problems arise in wartime?
2. What are the possible solutions to our problems?

H. Care of Home Furnishings and Equipment in Wartime

1. Why care for home furnishings and equipment?
2. What can be done to make your household goods more durable and efficient?

I. The War Against Waste—Conservation

1. What is waste in wartime?
2. Why waste must be prevented.
3. How to prevent waste.

J. Higher Taxation of Wartime Essential

1. Why must taxes increase during wartime?
2. What are the effects of higher taxes on the average citizen?
3. What are the new programs of taxation?

K. The Use of Substitutes

1. How can we reduce the pressure upon scarce goods?
2. What substitutes are necessary and what goods do they replace?
3. What substitutes can be obtained at home?
4. How can the necessity for substitutes revive old values, such as walking and family recreation?
5. How does demand for substitutes tend to create shortages in the substitutes?

QUESTIONS FOR DISCUSSION

Many questions can be discussed by pupils in the secondary school. The following are only examples of the kinds which may be used in

connection with the study of the problems just suggested.

1. Why during an all-out war effort is it necessary to convert civilian industries into war industries?
2. In what kinds of civilian goods will there be real shortages?
3. What are the differences between absolute shortages (due to cutting off of sources of materials by enemy powers) and relative shortages (due to insufficient transportation facilities and to increased and unequal purchasing power)?
4. What specifically can the government do to ease the pinch of certain shortages (rubber and sugar, for example)?
5. How can consumers adjust their ways of living to avoid unnecessary hardships caused by shortages?
 - (a) How can they make the tires on their automobiles last longer?
 - (b) How can they stretch the life of their durable household equipment (refrigerators, vacuum cleaners and the like)?
 - (c) How can they conserve clothing, furniture, toys and other kinds of goods?
 - (d) How can they share their goods with friends and neighbors?
6. How can substitutes be used for critical materials (plywood for sheet metal in refrigerators, for example)? How does demand for substitutes tend to create shortages in the substitutes?
7. Why did the Office of Price Administration find it necessary to issue the General Maximum Price Regulation?
8. Under the Regulation, what goods and services are covered—that is, have ceiling prices? What goods and services are excepted—that is, do not have

ceiling prices?

9. Why may different storekeepers have different price ceilings?
10. How can consumers best help to make the Regulation successful in checking rises in the cost of living?
11. What can customers do to assist retailers in reducing their costs of distribution due to unnecessary delivery of goods, return of goods and charge accounts?
12. How do price control and rationing help each other?
13. Why is it necessary to keep a check on quality under price regulation? How can this be done, by government—and by consumers?
14. Why did the President refer to rationing as the fair and equitable system of distributing scarce essentials?
15. How does the government determine what supplies of goods will be available to civilians?
16. What did consumers do before OPA introduced sugar rationing? Who were the hoarders? What happened to the sugar supplies of some retail stores?
17. How does unnecessary stocking up on the part of certain consumers affect the supplies of goods available to other consumers? How does it affect prices?
18. How does the government ration automobiles and tires? Sugar? Gasoline?
19. What are some of the difficulties in rationing goods? How can clothing be rationed? Fresh meat? Milk?
20. Why is it necessary to have public support of rationing measures?

SOME SUGGESTED ACTIVITIES

Youth should have opportunities to participate in a number of activities in connection with study of the wartime problems. The follow-

ing are some illustrations which should be expanded by any teacher dealing with the problem.

1. Develop a large exhibit with panels showing why the General Maximum Price Regulation was issued; what its main provisions are; and how consumers can work together and with retailers to make the regulation effective.
2. Hold an "Information Please" program on price regulation as a part of the President's Seven-Point Program to stop the rising cost of living.
3. Invite a housewife, a grocer and an OPA official to talk before a school assembly on ways of working together to solve the problems of price control. Invite parents to be present.
4. A group of students might attend a meeting of the local War Price and Rationing Board.
5. Students might make up a list of things to look for when they buy price-controlled items in groceries and clothing stores, and make use of this list when they go shopping.
6. Survey comparative price ceilings in local stores.
7. In a class discussion, compare rationing of sugar to civilians and (a) distribution of civilian supplies in school; and (b) distribution of food and clothing to soldiers.
8. Make up posters showing how rationing distributes a limited supply of goods to consumers.
9. Prepare a short play which points out what happens before rationing and what happens afterward.
10. Talk with storekeepers and filling station managers to find out their opinions. Report findings to the class.
11. Have a member of the local War Price and Rationing Board discuss some of the problems of rationing with students.

12. Draw up a large picture chart showing how America is converting its industries from civilian to war production.
 13. Before a school assembly stage an informal play which shows how consumers' ways of living are affected by shortages and how they can make adjustments to protect their essential living standards.
 14. Prepare a series of posters which point out ways in which students and their parents can conserve and share the things they have, and can salvage such scarce materials as scrap rubber and metals and kitchen fats otherwise wasted.
 15. Organize school-wide campaigns to "get in the scrap" and to salvage otherwise wasted kitchen fats.
 16. Survey the durable equipment available in homes of one neighborhood and work out ways in which this equipment may be shared, the way Americans shared tools and equipment in pioneer days.
 17. Take a field trip to various retail stores in the community to find out what kinds of consumer goods will be available in smaller and smaller quantities and what reasons account for these shortages.
 18. Hold a class discussion in which students prepare short, simple statements of what the government considers in distributing such scarce supplies as rubber tires, and work out slogans dealing with what consumers should do—for example, "Buy only what you need now;" "Make it do—or do without."
 19. Have students make lists of what they are doing to help win the war and of what else they can do to contribute to the war effort.
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Part Three

CONSUMER UNITS RECOMMENDED FOR THE JUNIOR HIGH SCHOOL

1. INTRODUCTION

This Outline and its revisions have been used for five years in the Andrew G. Curtin Junior High School, Williamsport, Pa., for the second semester in Economic Civics, 9th Grade, emphasizing Consumer Education.

The basic purposes of this abridged Consumer Education Outline on the Junior High School level are as follows:

- a. To illustrate how an existing Junior High School course can be re-emphasized and given a consumer point of view.
- b. To illustrate an inexpensive yet effective method of presenting consumer education to Junior High School students.
- c. To present a Consumer education course built around the needs of Junior High School students as consumers.
- d. To introduce new teachers of Consumer education to a selected list of Consumer education materials.
- e. To point out the necessity of educating high-school students to the economic wartime program.

Materials:

Two basic textbooks in consumer education are used, four copies of each one.

A basic textbook in Economic Civics which each member of the class possesses.

A variety of free pamphlet material procured from various agencies of the Federal Government and from non-profit organizations.

Total cost for initiating this program in consumer education (not

including the cost of basic Economic Civic textbooks) is approximately \$15.00. This amount of materials was used to instruct 250 pupils. Under this arrangement the cost of materials per pupil was six cents.

Method of Instruction:

- a. Discussion: Overview of the semester's work.
- b. Individual student reports:
 - * (1) presentation of report by the student.
 - (2) discussion of material contained in report.
 - (3) summary of report.
 - (4) summary outlined on blackboard.
 - (5) blackboard material copied by each student in his notebook.
- c. Individual and group projects: projects were not compulsory, although there was every encouragement for students to "Get the Facts Locally." Upon evidences of interest from students in a certain phase of the work and upon their request, a project was created in line with their interest. Each project was divided into three parts: (1) Purpose; (2) Facts found; (3) Conclusions. Upon the completion of a project, it was presented to the class in the same manner as an individual report and was treated as outlined in "b" above.

* Reports were assigned at least two weeks in advance, with the student knowing the earliest date on which his report might be called. Materials were placed in the class room and in the school library. The latter reserved several tables and a section of shelves for consumer study and consumer materials.

2. NEED FOR CONSUMER EDUCATION

A. *Immediate

1. Wartime Consumer Knowledge.

a. Inflation

- (1) Causes
- (2) Ruinous effects
- (3) How to control Goods vs. money

b. Anti-inflation efforts

- (1) Consumer Goods
 - (a) Conserve-salvage
 - (b) Use substitutes
 - (c) Better use
 - (d) Rationing
 - (e) Price ceilings
- (2) Money
 - (a) Greater taxation
 - (b) Limitation of war profits
 - (c) More money invested in war bonds and stamps
 - (d) S t a b i l i z a t i o n of farm prices and income
 - (e) Limitation of installment buying and credit
 - (f) Paying up of personal debts

* Nearly all of the consumer wartime difficulties arise from the factors which cause inflation—the scarcity of consumer goods as against an excess of purchasing power. For that reason the inflation situation is outlined briefly. At this point the teacher may elaborate considerably, especially providing instruction with regard to various wartime consumer programs which depend largely on intelligent consumer cooperation for successful operation. Examples are: consumer responsibility to price ceilings, various rationing programs, credit curtailment, defense bond purchasing, salvage programs, and the like. Local councils of defense often have for free distribution materials concerning current consumer programs as they relate to the war effort.

Lesson 1, Facing the Price Problem, pages 18-23, pages 25-31
Economics of Home Front
Section I

Lesson 2, Rationing, Why and How pages 1-15
Economics of Home Front
Section VI
The Consumer and the War, pages 1-3

Lesson 3, What Wartime Price Control Means to You, pages 12-14

Lesson 4, What Wartime Price Control Means to You, pages 14-15

Lesson 5, The Fight Against Inflation

Lesson 6, Bonds, Stamps, and Taxes
Consumer Credit Regulations

Bibliography:

Facing the Price Problem
Economics of the Home Front
Rationing, Why and How
The Consumer and the War
What Wartime Price Control Means to You

The Fight Against Inflation Free: from the Consumer Division, Office of Price Administration, Empire State Building, New York City

Bonds, Stamps, and Taxes, by Peter Odegard, Consultant to the Secretary of the Treasury, speech, February 22, 1942, Treasury Department, Washington, D. C.

Consumer Credit Regulations can be procured from Federal Reserve Bank in Philadelphia, Pennsylvania

B. Long Range

1. Ten Basic Needs

- (a) Most education has been from the point of view of earning a living rather than spending what is earned.
- (b) Help the consumer choose more wisely from the thousands of goods and services those which he needs and wants.
- (c) Prevent further exploitation of consumers.
- (d) Improve business procedures through improvement of consumer education.
- (e) Raise the level of living.
- (f) Bring about solutions to larger social and economic problems, such as taxation, distribution, tariffs, social insurance, unemployment, housing, etc.
- (g) Make the theory of consumer sovereignty real.
- (h) The consumer is practically the only unorganized individual in an organized society.
- (i) Render many services to himself which he now purchases.
- (j) Eliminate waste in consuming by planned buying, avoiding the return of goods, budgeting, standardization, etc.

2. Levels of Living in the United States

- (a) Definition of standard or level of living
- (b) U. S. levels of living
 - (1) Pauper-poverty group
 - (2) Minimum of subsistence
 - (3) Minimum for health
 - (4) Level for health and decency
- (c) Average income in the U. S.
- (d) Distribution of U. S. income

Lesson 7, The Consumer Investigates

Introduction

Consumer Economics
page 9 to end of chapter

Lesson 8, The Consumer Investigates, pages 18-37

Pennsylvania School Journal

"The Need for Consumer Education", pages 71-72

Lesson 9, Hughes, Economic Citizenship, pages 303-313

Lesson 10, Consumer Economics, page 68-end of chapter

Lesson 11, Consumer Expenditures in the U. S., pages 7-52

- (e) Causes for low levels of living
- (f) Indicators of a low level of living
- (g) U. S. spending tendency—to increase the proportion of income spending for goods which are non-essential, while essentials are lacking
- (h) Level for health and decency — adequate food, clothing, shelter, insurance, savings; adequate amounts for travel, study and recreation
- (i) One hundred years ago vs. today—72 wants, 16 being necessities, contrasted with the 484 wants of today, 94 being necessities

Bibliography:

The Consumer Investigates, Zutter, A. D. and Bullock, A. E. Baltimore, H. N. Rowe Co., 1938

Consumer Economics, Kennedy, Ada and Vaughn, Cora, Peoria, Illinois, Manual Arts Press, 1939

Pennsylvania School Journal November 1940.

Consumer Expenditures in the U. S., Superintendent of Documents, Washington, D. C. 50 cents.

3. AGENCIES WHICH HELP THE CONSUMER

A. What Agencies Should Do To Help Consumers

- 1. Give consumers information about specific commodities
- 2.. Set standards
- 3. Compare price and quality
- 4. Inspection services of all types
- 5. Consumer legislation
- 6. Investigate advertising claims and guarantees
- 7. Check to determine impurities and adulteration of consumer products
- 8. Coordinate consumer activities
- 9. Promote consumer organization
- 10. Improve labels

B. Types of Agencies

- 1. Governmental
- 2. Independent

This unit is primarily one of survey to acquaint students with the various governmental and independent agencies which are helping the consumer, and to point out specifically what each agency is especially interested in doing.

Lessons 12 and 13 are devoted to consumer agencies by assigning one to three agencies to each of five or six students from the following sources:

Bibliography:

Labeling the Consumer Movement, Gabler, Werner K., American Retail Federation, 1627 K Street, Washington, D. C.

Directory of Governmental Consumer Services and Agencies, Bulletin No. 3, February 1942, Consumer Division, Office of Price Administration, Empire State Building, New York City

Consumer Knowledge Helps Win the War, Bulletin No. 11, March 1942, Consumer Division, Office of Price Administration, Empire

State Building, New York City
Sources of Supplementary Materials for Courses in Consumer Education, Monograph No. 50, September 1940, South-Western Publishing Company, New York City

Materials for Consumer Education, Publication No. 10, Consumers' Counsel Division, U. S. Department of Agriculture, Washington, D. C.

4. FACTORS INFLUENCING CONSUMER CHOICES

A. Factors Influencing Wants

1. Economic resources
2. Occupational activity
3. Group ideas
 - a. Customary wants
 - b. Prestige value
 - c. Welfare ideas

c. Modern life

- (1) Social register
- (2) Servants in livery
- (3) Ornate house and furnishings
- (4) Certain types of clothing
- (5) Philanthropy

B. Custom-Made Wants

1. Definition of custom
2. Conditions favoring custom
 - a. Inertia
 - b. Churches
 - c. Schools
 - d. Isolation
 - e. Private home life
 - f. Illiteracy
 - g. Class stratification
3. Conditions opposing custom
 - a. Education
 - b. Travel
 - c. Freedom of thought, etc.
 - d. Research
 - e. War
4. Specific custom factors
 - a. Religious
 - b. Recognized holidays
 - c. Birthday celebrations
 - d. Marriage and courtship
 - e. Clothing
5. Conspicuous consumption (choosing goods for display)
 - a. Primitive life
 - b. Medieval life

C. Fashion-Made Wants

1. Fashion vs. style; definitions
2. Factors favoring fashion
 - a. Democracy
 - b. Transportation and communication
 - c. Advertising
 - d. Leisure time
 - e. Desire for change
3. Factors retarding fashion
 - a. Inertia and dislike for change
 - b. Religion and secret societies
 - c. Sumptuary laws

Lesson 14, Introductory discussion based upon the historical development of wants.

To the teacher:

Read Chapters 1 to 9 from:

Economics for Consumers, Gordon, Leland J., American Book Company, 1939, New York

5. SHOPPING AND BUYING METHODS

A. First Essentials

1. Know exactly what you want.
 - a. Good buyers never buy on

impulse, nor allow themselves to be hurried in their buying.

- b. Knowing what you want is the first step toward getting it.
2. Thought comes before action.
 - a. Determine whether you really need the article.
 - b. Is it the most important of your needs?
3. Secure information about the goods.
 - a. Most information on the market is put there by advertisers.
 - b. Secure information about goods from reputable consumer information agencies.
 - c. Much valuable information can be obtained from friends and neighbors.
4. Developing sales resistance.
 - a. The seller is more anxious to get the buyer's money than he is to keep his product.
 - b. Disregard all superlatives—don't rush buying.
 - c. If article is not what you want in every respect, say "No."
 - d. Remember it is your money you are spending.
5. What quality shall be purchased?
 - a. The best is the cheapest in the long run.
 - b. Some goods are purchased once in a lifetime; therefore a high quality should be selected.
 - c. Many goods are made cheaply to wear out quickly in order to follow fashion changes.
 - d. Quality is not always high priced.
 - e. Highest quality is often unnecessary.
 - (1) Short use of a product does not usually require high quality.
 - (2) Grade "C" canned goods as well as "sub-standard" many times are adequate from quality point of view.
6. Four questions to decide:
 - a. What quality shall be bought?
 - b. What price shall be paid?
 - c. What style shall be favored?
 - d. What brand shall be chosen?
7. Obsolescence must be considered.
 - a. It is usually not safe to invest much money in one purchase if models or fashions are changing rapidly.
 - b. Such purchases become nearly worthless in a short time from the point of view of trading in or replacing.
 - c. Repair parts are difficult to acquire for goods which tend to become obsolete.
8. Fashion and style.
 - a. Definitions of fashion and style.
 - b. Fashions demanded because:
 - (1) Relieve monotony.
 - (2) Attain social recognition.
 - (3) Poor taste (sometimes) in order to be different.
 - (4) Wasteful.
 - c. Are men less interested in fashion than women?
 - (1) Do women buy first for fashion, second for price, and last for quality?
 - (2) Do men buy first for quality, second for price, and last for fashion?
 - d. Ways of maintaining fashion without paying the price:
 - (1) Buy conservative patterns, colors and models.
 - (2) Select basic styles which are good always.
9. Shopping and buying pointers.
 - a. Determine your essential needs and the quality desired.
 - b. Read labels carefully and inspect containers.
 - c. Discontinue old brands when they become poor.

- d. Write to producers of poor products.
- e. Patronize firms which honestly describe their products.
- f. Insist on definite answers from sales people.
- g. Refuse to buy articles that do not show name and address of maker. (Such articles are likely to be seconds or defectives.)
- h. Keep in mind the amount you need.

B. Other Essentials

1. Good buying should produce "yes" answers to these questions:
 - a. Is the article the best available for the money?
 - b. Is the article the one most needed at the time?
 - c. Is the amount of money spent about the amount planned for in the budget?
 - d. Is the amount of time spent in shopping an amount you can afford to spend?
2. Buying difficulties of the home-maker.
 - a. Buying is only one of many duties.
 - b. Goods bought are of a wide variety.
 - c. Some goods are bought often, while others are bought infrequently.
 - d. Knowledge of buying on the part of the purchaser is usually limited.
3. Undesirable practices in buying.

6. PRICE FACTORS

A. What Price to Pay

1. Quality.
2. Store services.
3. Style.
4. Advertising.
5. Credit.
6. Quantity buying.
7. Seasonal fluctuations.

B. Problem: to determine how

- i. Critically study advertising statements.
- j. Avoid stores that sell on credit for same price as cash.
- k. Statements such as half-price and one-third off are meaningless.

Lesson 15, The Consumer Investigates:

Pages 196-200; 200-205; 205-207.

- a. Returning merchandise.
- b. Demanding special privileges and services.
- c. Demanding too wide a variety of goods.
- d. Accumulation of bills by abuse of charge accounts.
- e. Mishandling of goods on display.
- f. Buying without a plan.
- g. Note governmental wartime recommendations on above practices.
4. Undesirable practices in selling.
 - a. Having fictitious "Sales".
 - b. Advertising an article at one price and urging the sale of another.
 - c. Suggesting additional purchases.
 - d. Suggesting a more expensive purchase.
 - e. Combined "Sales".
 - f. Prizes in packages.

Lesson 16, Consumer Economics, pages 78-83; 83-87.

much of your money goes for the cost of the product and how much of it is spent for other costs.

1. Swank, one cause of high prices.
 - a. Most expensive of human luxuries.

- b. Cannot measure dollar value by the pleasure of the label.
 - c. Gives one nothing but a sense of superiority.
2. Returned goods evil.
- a. Buying goods and having them delivered subject to approval is costly to the consumer and is one reason for increased living costs.
 - b. In average size department stores no fewer than 23 persons are needed to get an article to the consumer and back.
 - c. This costs between 35c and 65c per item.
 - d. Total outlay of 50 million dollars a year for wasted labor alone results from return of goods.
 - e. Regular returns: legitimate return of acknowledged returnable merchandise made in a regular manner within the prescribed time limit.
 - f. Irregular returns:
 - (1) Beyond prescribed time limit.
 - (2) Not returnable according to law.
 - (3) Not accompanied by sales check.
 - (4) Removal of caution ticket.
 - (5) Soiled, worn, damaged.
 - (6) Yard goods cut from bolt.
 - (7) Not purchased in same store.
 - (8) Especially ordered for consumers.
 - g. Laws prohibiting return of goods. Examples of goods controlled: Bedding, bathing suits, lipsticks, etc; largely from point of view of health rather than economy.
 - h. Curbing the evil.
 - (1) Planned buying.
 - (2) Wrapping in cellophane or affixing seals which if broken prevent return.
- (3) Passing laws prohibiting such returns.
3. Trading with reliable merchants necessary.
- a. Plainly market merchandise.
 - b. Same prices to all.
 - c. Know the quality of their goods.
 - d. Have intelligent sales people.
4. Store services.
- a. Delivery.
 - b. Charge accounts.
 - c. Free trials.
 - d. Comfort rooms.
 - e. Telephone.
 - f. Alterations.
 - g. Models.
 - h. Drive in.
 - i. Gift wrapping.
 - j. Lessons.
 - k. Checkroom.
 - l. Nursery.
 - m. Demonstrations.
 - n. Writing room.
 - o. Car parking.
5. Buying from canvassers.
- a. Risky form of buying.
 - b. Poor sales people.
 - c. Excessive prices.
 - d. Merchandise sold is often that type which does not sell well over the counter.
 - e. Consumer has no redress as a rule.
 - f. Consumers do not like sales people entering their houses.
6. Philanthropic buying.
- a. Much of it is a racket.
 - b. It is better to give the salesman his commission and tell him to keep the product.
 - c. Check with your local Better Business Bureau.
- Lesson 17, The Consumer Investigates.**

Pages 210-213; 213-217;
220-222.

7. SELECTING MERCHANDISE

A. Problem: to select a product, the price of which is within your incomes; to select a product which will best meet your needs.

1. Shopping by telephone.
 - a. Poor technique.
 - b. Cannot select own quality.
 - c. Cannot note price changes easily.
 - d. Poor method for selecting meats and vegetables.
2. Scientific buying.
 - a. Buying by specifications, which the consumer cannot do because he does not buy in large quantities.
 - b. Informative and performance labels help the consumer meet this need. (This will be discussed more fully under Standards.)
3. Detecting rackets: more and more knowledge needed. (Fuller discussion under Frauds.)
4. Vending machines.
 - a. Lack of freshness.
 - b. Out of order.
 - c. Price same as at store.
5. Buying bargains.
 - a. Merchants sometimes play upon people's wish to get something for nothing.
 - b. Special Sales (many are fictitious.)
 - (1) Clearance.
 - (2) Pre-season.
 - (3) Pre-inventory.
 - (4) Distress.
 - (5) Bankruptcy.
 - c. Legitimate sales.
 - (1) Overstocking of goods.
 - (2) Selling out of odd sizes,

colors and fashions.

(3) Soiled goods.

(4) Distress sales.

(a) Going out of business.

(b) Raise capital.

6. Seasonal buying.

a. General rule: Buy durable goods after the season ends; buy foods in middle of season.

b. Caution: Judgment must be used in buying durable goods in order that they do not go too far out of fashion before they are used.

c. Holidays:

(1) Prices usually high.

(2) Stores crowded.

(3) Recklessness of spending is encouraged.

(4) Credit is relatively easy to obtain.

(5) Ideal method: Buy for holidays during entire year.

(a) Prices cheaper.

(b) Goods selected likely to have greater utility.

(c) Fits the budget better.

7. Auction sales

a. Spot cash required, with no return privileges.

b. Quality nearly impossible to determine.

c. Extremely clever and perhaps deceptive salesmanship use.

Lesson 18, The Consumer Investigates, pages 226-230; 231-236.

8. GUARANTEES, LABELS, WEIGHTS AND MEASURES

A. Guarantees and their value

1. A guarantee is a statement which assures the buyer that the goods will be found as represented by the seller.
2. Guarantees given by reputable

merchants are usually reputable.

3. Other guarantees are good only to the extent the manufacturer is reputable.

4. Guarantee is an outgrowth of

the doctrine, "Buyer, beware!" Some of the more scrupulous producers developed a device to assure prospective buyers that they could rely on the definite statements made by the seller concerning quality.

- a. Its purpose was to give the seller a competitive advantage.
 - b. When this was realized, the less scrupulous business man freely adopted the guarantee but failed to live up to it.
 - c. Consequently, most everything today is guaranteed. The problem is to determine what is a reputable guarantee.
5. Types of guarantees.

B. Reading the label

1. Law provides each package must have label.
2. Its information must be truthful.
3. Net contents must be on label.
4. It is the information not on the label which concerns the consumer most.
5. What constitutes a good label?
 - a. Net content.
 - b. Picture of contents.
 - c. Quality grade.
 - d. Recipes.
 - e. Number of servings in ounces.
 - f. Date packaged.
 - g. Conditions under which packed (reputable sales of approval).

C. Watch your weights and measures

1. Average housewife purchases not less than 40 items a week.
2. A loss of an ounce per item means a yearly loss of \$83.00 on foodstuffs.
3. Make sure scale indicator is at zero.
4. Buy by definite quantities.
5. Look for inspector's seal.

a. Money back (general sales policy).

b. Time guarantees.

c. Satisfaction guarantees.

6. Reprehensible guarantee: type where buyer agrees to ship to producer the defective part and pay all transportation costs.

7. What is a good guarantee?

a. Statement as to what specifically is guaranteed.

b. Statement as to time limit.

c. Manufacturer and retailer name and address on merchandise or guarantee.

d. Guarantee in writing and in ink.

e. Investigate reliability of the guarantor.

Lesson 19, The Consumer Investigates, pages 239-242; 242-248.

Food Labels Approved by the National Consumer-Retailer Council Special Report No. 15, pp. 4 mimeo. National Consumer-Retailer Council, 8 West 40th Street, New York City. Free.

Write Standards Division, Office of Price Administration, Washington, D. C., for latest information.

6. Report violations to local sealer of weights and measures.
7. The employee and not employer may be at fault.

9. FRAUDS

A. What consumers should know about frauds

1. Why do we have frauds?
 - a. Gullibility of the consumer; he believes he can get something for nothing.
 - b. Knowledge that no one is giving anything away is not uppermost in consumer's mind.
2. Rackets are a big industry: their "take" is estimated to be more than three billion dollars a year.
3. Who are the easy "marks?" Everyone.
4. Garden variety.
 - a. Sucker lists.
 - b. Learning by mail.
 - c. Fleecing a widow.
 - d. Prize contests.
 - e. Slot machines.

B. Types of frauds

1. Gyp stores.
 - a. High-pressure methods.
 - b. Low prices.
 - c. Junk merchandise.
 - d. Gyp language employed.
2. Gaming rackets.
 - a. Cut-rate travel frauds.
 - b. Job racket.
 - c. Financial interest.
 - d. Fake doctor.
 - e. Short-story writing.
 - f. College boy racket.
 - g. Irish linen and Oriental rug, etc.

Lesson 20, The Consumer Investigates, pages 480-484; 484-488.

Lesson 21, The Consumer Investigates, pages 491-496; 496-507.

10. STANDARDS FOR CONSUMERS

A. Needs and agencies

1. Definition of a standard: Uniform gauge of size, form, quality and quantity.
2. Agencies creating standards.
 - a. Bureau of Standards.
 - b. Bureau of Home Economics.
 - c. Bureau of Agricultural Economics.
 - d. Food and Drug Administration.
 - e. Consumers Counsel Division.
 - f. American Standards Association.
 - g. Underwriters Laboratories.
 - h. Standards Division, OPA.
3. Meaning of Government-recommended grades for canned goods.
 - a. Grade A
 - b. Grade B

Lesson 22, The Consumer Investigates, pages 274-278; 278-284.

Investigate the standardization in consumer goods as a result of the war.

Consumer Knowledge Helps Win the War: see pages 8-11 for materials on standards and grades.

To the teacher: Read Gordon, Economics for Consumers, Chs. 25, 26, 27.

Lesson 23, Consumer Economics, pages 96-99; 99-104; 104-109.

- c. Grade C
d. Substandard.
4. Present standards difficulty:
Different quality grade designations set for different commodities.

Example: (Bur. Agric. Econ.)

(a) Beef: 3 classes steer, heifer, cow
5 quality grades for each prime, choice, good, medium, plain.

(b) Fowl: 2 classes, old and young
2 quality grades under each prime and choice.

(c) Eggs: 3 classes, large, medium, small
4 quality grades under each, US Special, US Extra, US Std., US Trade.

(d) Butter: 5 ratings and scores for each:
Flavor 20 Score 93 GrAA
Body 20 " 92 " A
Color 20 " 90 " B
Salt 20 " 88 " C
Package 20

Perfect

Score 100

(e) Cheese: One pound for each 100 pounds is graded according to U.S. Standards.

4 ratings: flavor, body, finish, and color.

Score	92, 93, 94	US Fancy
"	89, 90, 91	" No. 1
"	86, 87, 88	" No. 2
"	83, 84, 85	" No. 3

B. Existing performance and specification labels

1. Benefits of compulsory grade-labeling:

- Honest packers assure consumer of validity of label and advertising.
- It results in uniform terminology for design, quality, and grade.
- It helps the consumer in selecting the grade desired for his purpose.
- Consumer can buy by specification.
- Price and quality will be more in line with each other.
- The retailer is informed of the quality of what he sells.
- It will remove a lot of bad advertising.

2. Many stores have voluntary grade-labeling of their own packed goods.

3. The Wool Labeling Act.

4. Specifications of everyday consumer products. (Consumers Counsel)

Consumers Bookshelf, Superintendent of Documents, 15 cents, Washington, D. C.

11. BUYING GOODS AND SERVICES*

A. Disciplining Our Dollars (Budgeting)

B. Buying Food

C. Buying Clothing

D. Buying Credit

E. Buying Insurance

*In each of these five topics it is imperative that the economic wartime program be discussed. This program greatly changes buying techniques from those employed in peacetime.

It is suggested that the following pamphlets be procured from the Consumer Division, Office of Price Administration, Empire State Building, New York, New York:

1. Teacher's Handbook on OPA's wartime economic program: See Part Two.

2. Brief Bibliography for Consumers in Wartime. (free)

3. Suggestions for Use and Development of Materials in Schools in Relation to OPA Program.

Inasmuch as there are now a variety of textbooks on Consumer Education, many of which are more recent than those used in this outline, the enterprising teacher can project this outline into the areas mentioned, using his own selection of textbooks and materials.

Part Four

AN OUTLINE OF UNITS IN CONSUMER PROBLEMS

1. INTRODUCTION

The immediate need for some specific material to guide adult and secondary school groups in the study of wartime consumer problems was the motivating force that produced the "Outline of a Course on Consumer Problems." The author is cognizant of its many deficiencies, but he hopes that this outline will be accepted as experimental, and that criticisms and suggestions will be forwarded to him.

The outline has been constructed around the central theme of the family budget with those items that demand the greatest proportion of the family income given first consideration. The deferment of other problems for later treatment does not presuppose a degree of lesser importance. Any problem may be lifted out of its present sequence and given preferential treatment. For adult groups, *there should be no attempt to give the whole course unless there is a specific demand for it. A better practice would seem to be to select a half dozen topics of immediate importance to the group concerned, and to spend all the available time on those topics.* The materials referred to in the column on the right, are for the most part inexpensive. Single copies of many of them may be had on request.

Among those to whom the author is particularly indebted are: The Board of Superintendents, Board of Public Education, Philadelphia, Pa. for the assignment to this pleasant duty; the Advisory Committee on Consumer Interests of the State Council of Defense for making this effort available to the schools and the public; to the Consumers' Protection Committee, Philadelphia Council of Defense for valuable advice in the planning of the work and their enthusiastic support; to the McGraw-Hill Book Co. for permission to use the simple tests from *Your Personal Economics* by A. H. Smith; to Miss Ardenia Chapman of Drexel Institute for valuable suggestions and the revision of the section on Clothing; to Dr. Albert A. Owens, Director of School Extension, Board of Public Education for his constant interest and enthusiasm; and, finally to my co-workers on the Educational Sub-Committee of the Advisory Committee on Consumer Interests for their valuable suggestions and criticism.

2. MANAGING THE FAMILY DOLLAR

Objectives: To give the consumer a general understanding of budgeting, both for the individual and the family; to establish reasons for budgeting; to learn why some people do not keep budgets; and the satisfactions that result from systematic expenditures of income.

Topics

I. Basis of Budgeting

1. What a budget is.
2. What a budget can do for you.
3. Why some people do not keep budgets.
4. Survey of assets and debts of the family.

Teaching Materials and Suggestions to Teachers

Canvass the attitude of the class toward budgeting; the extent to which it is practiced in the home.

See Smith, A. H. *Personal Economics*, McGraw-Hill, New York, 1940.

Also—

Shields & Wilson—*Consumer Economic Problems*, South-Western Publishing Co., New York. 1940. Good for sample budgets.

Topics

Teaching Materials and Suggestions to Teachers

II. Making and Keeping a Budget

1. Allotment of income for Essentials:
Food, clothing, housing.
Operating:
Family, personal, automobile.
Development:
Health, recreation, education
benevolence.
Savings and other assets.
2. Utilizing past experiences for future estimates.
3. Model budgets.
4. Necessity of keeping records.
5. Increased necessity of keeping budget in wartime.

III. Values in Budgeting

1. Analysis of satisfactions.
2. Proper order of consumption.
3. Cooperation of family.
4. Husband-wife income distribution.
5. Relief from worry about debts.
6. Meeting emergencies.
7. Building security.
8. Definite information about where the money goes.
9. Foolish spending stopped.

IV. Wartime Influences on the Family Budget

1. Rising cost of living.
2. Higher level of wages.
3. Higher taxation.
4. Lack of consumer goods.
5. Increased savings desirable to finance the war, and to build back-log of postwar demand.
6. Free spending an aid to inflation.

Do not stress incomes of various group levels in order that no one may be embarrassed.

Establish proportions as valuable guides for individual.

Let class keep itemized expense record for two weeks. Basic principles can be worked out from this experience.

How to Make Your Budget Balance, American Inst. Economic Research, Boston. Massachusetts. \$1.00.

Income tax deductions.

Must be business-like procedure.

Amortize obligations.

Two inexpensive family budget books "National Home Budget", 46 pages, Universal Budget Systems, 45 Murray Street, New York, and, "Budget Book-Making the Most of Your Income", 36 pages, First Wisconsin National Bank of Milwaukee. Well worth modest charge.

"Money Disbursement of Wage Earners and Clerical Workers", Bureau of Labor Statistics, U. S. Dept. of Labor, Washington, D. C. Many cities studied; secure one comparable to Philadelphia.

Procure from Haskin Information Bureau, Washington, D. C. "How to Get Ahead", 10 cents. One of a number of 30-page pamphlets, emphasizing thrift methods, budget devices.

National Better Business Bureau "Facts You Should Know about Budgeting", 5 cents.

Discussion:

"People who can save a regular part of their incomes do not need to budget expenditures." Do you agree?

Savings should be deducted before other items are budgeted.

How do price changes affect a budget?

Discussion: If government and business have to operate on the basis of budgets, why not the family?

Larger Works

Andrews, Benjamin R.—Economics of the Household, MacMillan Co., New York, 1935.

Kyrk, Hazel—Economic Problems of the Family. Harper Bros., New York, 1933.

Donham, S. Agnes—Spending the Family Income. Little, Brown & Co., Boston, Mass., 1939.

3. HAZARDS AND SAFEGUARDS FOR THE FAMILY DOLLAR

Objectives: To give the consumer an understanding of fundamental ideas that concern wealth and income; to point out the dangers that lie ahead in securing full value from income; to develop an appreciation of the safeguards, public and private, that offset these dangers.

I. Human Wants

1. How created and expanded Need — fashion — imitation — custom — price appeal — advertising — displays — fraud.

2. Fundamental Assumptions
Human wants demand satisfaction.

Human effort must be expended if satisfaction is to result. Effort results in creation of wealth. Individual wants may be satisfied temporarily. Sum total of wants never satisfied.

Best discussion of human wants "Economics for Consumers"—L. J. Gordon, American Book Co., N. Y. 1939.

Discuss: Slaves of custom.

Individual tastes.

Keeping up with the Jones'.

Color and beauty of displays.

Good and bad in advertising.

Are your wants the same as last year?

Five years ago?

II. Wealth and Income

1. Wealth made up of tangible things.

Useable goods more important than money.

2. Income and reward for creation of goods and services.

3. Income groups in the U. S.

4. National income determines standards of living.

Stress goods and services.

Of what value is a large amount of cash to an individual alone on an island?

Public Affairs Pamphlet No. 18—"How We Spend Our Money"

Maxwell Stewart—1939.

Address: Public Affairs Com. Inc.,
30 Rockefeller Plaza, N. Y.
Ten cents.

III. Standards of Living

1. Importance of obtaining necessities first.

2. Comforts and luxuries in excess of necessities make standard high or low.

3. Standards in other countries.

Reports of Brookings Institution and Nat. Resources Planning Board. Discuss consumption, wise, unwise, harmful, waste.

Ask class individually to list some comforts and luxuries. Make comparisons basis of discussion.

Topics

IV. Effects of War on Living Standards

1. Scarcity of goods.
Loss of sources.
Transportation difficulties.
Diversion of supplies.
2. Increased national income.
3. Rising prices.
4. Rationing, price control necessary.
5. Danger of inflation.

V. Hazards for Family Dollar

1. Inflation.
2. Taxation that reduces living standards.

Broadened income tax base.

The sales tax.
Hidden taxes.

3. Poor Buymanship. Antidotes.
Can I afford this purchase?
Is the article of good quality?
Is the price reasonable?
Must I go into debt to pay for it?
How much do I need this article?
Can I afford not to purchase this article?
4. Advertising (Deceptive type only).
The cost.
Criteria.
Use of slogans.
Little about merit of goods.
Appeal to emotions, fear, vanity.
Appeals to sex.
Appeals to appetite and taste.
Appeals to health and beauty.
Necessity of analyzing advertisements.

Consumer Incomes in the U. S.
Supt. of Documents, Washington,
D. C. Thirty cents.

A member of staff of Consumer Division OPA should be invited to class.

In last war wages increased 160% but purchasing power only 18%.
See *N. Y. Times Magazine*, June 21, 1942, "Inflation Is Everybody's Business."

In effect a tax that takes everything and gives nothing in return.

See Satevepost, July 4, 1942.
"Invisible Greenbacks" Harry Sherman.

War bonds best means of siphoning off excess purchasing power.

See Satevepost, June 20, 1942, for pro and con on sales tax.

Price is not always an indication of value.

Discuss: Women are considered more careful buyers than men.

Gordon-Economics for Consumers excellent chapters on imitation, price appeal, advertising, fraud. Previously referred to in this topic.

1½ billion spent on advertising in 1938 and six hundred thousand people engaged, of whom only 10% really produced. Cost per unit of sales is very small.

Topics

5. Fraudulent practices.
"Before You Invest-Investigate."
Suit clubs.
"Free" offers.
Stuffed flats.
Puff sheets.
Picture enlargement schemes.
Fake charities.
Itinerant peddlers.
Confidence schemes.
Bogus guarantees.
Homework schemes.
Deposits on merchandise.
Magazine solicitations.
Stock promotions.

VI. Agencies That Protect the Consumer

A. Public

1. Dept. of Agriculture.
Bureau of Home Economics.
Bureau of Agricult. Economics.
Food and Drug Administration.

Consumers Counsel Division.

Agricultural Adjustment Administration.

Consumers project.

2. Dept. of Commerce.
National Bureau of Standards.
Bureau of Fisheries.

3. Federal Security Agency.
Office of Education, Division of Vocational Education.

4. Dept. of Labor.
Children's Bureau.
Labor Statistics.

5. Treasury Department.
Public Health Service.

6. Federal Trade Commission.

7. National Bituminous Coal.

Teaching Materials and Suggestions to Teachers

These are a few of the most common frauds practiced. The National Better Business Bureau has pamphlets on all of them.

Interested in nutrition, clothing, household equipment, budgets, diets, preparation of foods, home canning.

Inspection and grading service.

Restrictive. Misleading labeling.

Tests for adulterants, fruitwash to combat arsenic spray, inspection of sea foods.

Represents interests of consumers at public hearings. Prevents gouging.

Promotes production of useful goods, improve standard of living, analyze standards, labels, weights, measures.

Willing to certify products that meet their standards.

Nutritive value of fish in the diet. Teaching of Home Economics in the schools.

Education of consumers.

Child health and welfare.

Retail prices for workers in large cities published frequently. Furthering cooperative movement.

Interested in maintaining standards for foods, especially milk.

Cease and desist orders for products misrepresented. Published judgments are valuable.

Protects consumers' interests in hearings before Interstate Commerce Commission.

Topics	Teaching Materials and Suggestions to Teachers
8. Federal Deposit Insurance Corp.	Supervises Federal credit unions chartered by Congress.
9. Federal Housing Administration.	Helpful to consumers who intend to be or are homeowners.
10. Wartime Agencies.	Discussion: Why not a department or bureau in the Federal Government where all things related to consumer welfare could be concentrated?
a. Office of Price Administration. Price ceilings. Rationing of scarce goods.	
b. Office of Civilian Defense. Rent control. Consumer protection. Protection of life and property during wartime.	
B. State Agencies	Publish findings of enforcement of officials, test commodities, identify brands.
1. North Dakota, Alabama, Wisconsin.	Finances milk producers, attempts to increase consumption.
2. New York Milk Publicity Bureau.	Helps for housewives, supplies of farm products, when and what to buy, food quality.
3. New Jersey Division of Consumer Information.	Specifications for any article given to consumers.
4. Michigan Consumers Bureau.	Investigates prices and profits of distributors.
5. Minnesota Consumers Division of State Dept. of Agriculture.	Discussion: Where in this picture is Pennsylvania?
C. Municipal Agencies	Daily broadcasts of supplies of foods available, and suggestions for purchasers.
New York City-Consumer Service Division in Dept. of Public Markets, Weights, Measures.	Conducts cooking schools.
D. Non-Governmental Agencies	Publishes Scientific Consumer Purchasing.
1. American Association of University Women.	Pamphlets—Used Car Gyp-Rackets and Racketeers in Auto Financing.
2. American Automobile Association.	Testing, knowledge helpful to public and the profession.
3. American Dental Association Council on Dental Therapeutics.	Testing of all gas-burning appliances
4. American Gas Association Testing Laboratories.	Label—Seal of approval.
5. American Inst. for Economic Research.	Pamphlets—Life Insurance from Buyer's Point of View, How to Make Your Budget Balance, etc.
6. American Standards Association.	Clearing house for standardization movement.
7. National Better Business Bureau.	List of American Standards—free. Pamphlets on many consumer problems.

Topics

Teaching Materials and Suggestions to Teachers

- | | |
|--|---|
| 8. Consumer Credit Institute. | Many publications on borrowing. |
| 9. Consumers Institute of America. | Publishes Consumer Digest. |
| 10. Consumers Union of the U. S. | Frequent reports on best buys, with buying guide. |
| 11. Cooperative Distributors, Inc. | Publications furthering the cooperative movement. |
| 12. Credit Union National Association. | Credit Union informative booklets. |
| 13. Household Finance Corporation. | "Better Buymanship" series in bulletins, telling how to determine value and quality. |
| 14. Metropolitan Life Insurance Co. | Pamphlets dealing with health and foods. |
| 15. National Consumers League. | Arouse interest in conditions under which goods are made and distributed. |
| 16. Public Affairs Committee. | Many pamphlets that can be found in libraries, bookstores. |
| 17. Consumers Research. | Monthly and special bulletins setting up standards for consumers to follow in buying goods. |

4. THE MARKETING STRUCTURE AND THE CONSUMER

Objectives: To trace the channels through which goods pass from the producer to the consumer; to develop an understanding of the agencies that are engaged in the distribution of goods; to point out some of the problems that have to be met by distribution agencies.

Topics

Teaching Materials and Suggestions to Teachers

I. The Importance of Marketing

- | | |
|---|---|
| 1. Number of people engaged. | Roughly, adds 50% to costs of production, marketing and transportation costs about equal to costs of manufacturing goods. |
| 2. Adds to the cost of goods. Reduction in costs would help to raise standards of living. | |

II. Scope of Marketing

- | | |
|---|--|
| 1. Includes all activities involved in transferring ownership of goods, and transporting them from producer to consumer: | 1930 census says of 48 million people gainfully employed, 15 million or 27% in marketing and transportation. Almost 2 million retailers; 170,000 wholesalers who employ 7½ million people. |
| 2. Adds form, place, possession, time utilities to goods. | Industrial Revolution has made marketing structure more complex. |
| 3. Adds values to goods by transporting them from places of abundance to places of scarcity, and preserving from time of plenty to time of scarcity. Storage. | The Principles of Marketing — Holtzclau, Cravell Publishing Co. Chs. 4-8, 10, 11.
Outlines of Marketing — Agnew, Jenkins, Druty, McGraw-Hill, Chs. 3-6. |

Topics

4. Includes too, distribution to producers, of raw materials, supplies, machinery, etc.

III. Marketing Functions

1. Buying and selling.
2. Transportation and storage.
3. Preparation of goods for sale.
4. Financing purchases and sales.
5. Risk-bearing.
6. Giving market information.

IV. Trade Channels—the Middleman

1. One middleman.
2. Two middlemen most typical in U. S.
Producer - wholesaler-retailer-consumer.
3. Three middlemen.
Broker i n t e r s p a c e d before wholesaler.

V. Common Forms of Retailing

1. The country store.
2. The department store.
3. The specialty store.
4. The mail-order house.
5. The chain store.
Small and super market.
Policies of chain stores.
7. Farm marketing.
Government aids.
Influence of hard roads.
Roadside markets.
8. Hucksters and peddlers.
9. House-to-house salesmen.
10. Wholesale markets.

VI. Marketing Problems

1. The number of middlemen.
2. Services demanded by public
Attractive store facilities.
Delivery service.
Installation and repair services.
Credit.
Returning merchandise.
Arrangement of counters.
Display of goods.
Personnel for showing and demonstrating goods to customers.

Teaching Materials and Suggestions to Teachers

Elements of Marketing—Converse and Huegy, Prentice Hall, Chs. 13-19.
Principles of Retailing—Barker and Anderson, McGraw-Hill.
Principles of Retail Merchandising—Baker, McGraw-Hill.
Principles of Retail Merchandising—Doubman, Longmans Green.

Retail outlets that have their own factories, e.g., chains, mail-order, cooperative, automobile agencies.

Groceries, hardware, drugs, farm products such as fruits, vegetables, poultry.
Some types of groceries, dry goods, and farm products.

See-Social Control of Industry—Modlin and McIsaac, Little Brown, Boston, 1938, Chs. V and Vi.

Consumer Economics—Shields and Wilson, South-Western Publishing Co., Cincinnati, Ohio, 1940. Ch. XVI.

Increase retailer's "spread". If new service is adopted by competitor, he usually has to go along.

Topics

3. Competitive advertising.
Expense.
Goal—to create demand:
For a particular product.
For a brand or class of products.
Forces wholesalers and retailers to carry all brands.
Informs and educates the consumer.
Raises standards of living.
Draws attention to new and improved products.
Increases satisfactions for consumers.
Fosters large-scale production and lower unit costs.
4. Commodity exchanges.
Type of goods sold.
Commodity must be non-perishable and standardized.
Exchanges provide a market place.
Sometimes dominated by few large speculators.

VII. Transportation's Effects on Marketing

1. Some means of transportation enters into each step of marketing structure.
2. Railroads:
Organization of large systems.
Monopoly fostered under Government regulation.
Difficulty in determining rates on less than carload lots.
Short vs. long haul.
Overcapitalization.
Competition with trucks.
Forms of Government regulation.
Taxes paid by railroads.
3. The motor truck.
Advantages over railroads.
Amount of business handled.
Complete pick-up and delivery service.
Costs usually less for short hauls.
Lack of warehouse and storing facilities.

Teaching Materials and Suggestions to Teachers

Send for rates to Satevepost, daily newspaper, radio station.

Wrigley spent 8 million this year to promote sales among 4% of U. S. population.

Cost of advertising per unit is very small.

Advertising that does not do these things results in wastes and increased marketing costs.

Secretary of Agriculture now licenses exchanges and members.

See Economic and Business Opportunities—Beighey & Spanable, Winston, Philadelphia, 1938, Ch. XV.

Class I railroads have met operating revenues over one million per year.

70% of railroad revenue on average derived from freight.

Costs per ton mile easily determined for carload lots.

Pick-up, and door-to-door delivery.
Most heavily regulated of all U. S. corporations.

Have taken approximately one-fourth of railroad freight traffic, thus decreasing railroad revenues.

Topics

Owners not as reliable in meeting damage claims.
Refrigeration not as efficiently furnished.

4. Growing importance of the airplane.

Increased range of service.
Heavier loads accepted.
International service.
Shipping by air express.

5. Importance of inland waterways.

Coordinated with other means.
Great Lakes system.
Atlantic Coast line system
Costs usually borne by Government.

6. Importance of merchant marine.

Hindrances to development.
Shifting Government policies.

7. Oil and pipe line transportation.

8. Competition between similar agencies of transportation.

9. Competition between different agencies of transportation.

Look up development of Pan-American Airways. Invite representative of airlines to class.

See Modlin and McIsaac, Ch. XIII.

VIII. Influence of the War on Marketing

1. Shortages created by lack of transportation.

2. Shortages created by increased production of military goods.

3. Shortages created by lend-lease aid.

4. Necessity for price ceilings.

5. Difficulties for retailers in interpreting regulations.

6. Goods not subject to ceilings.

7. "Rolling back the squeeze" on wholesalers and manufacturers.

8. Increased burden on railroads because of submarine menace.

9. Ships diverted to shipping other than that between American ports.

10. Motor transportation limited by lack of rubber, gasoline, and ban on automobile construction.

Crude oil shipments on railroads up to 700,000 barrels a day, July 1942, from 100,000 barrels in January.

Topics

Teaching Materials and Suggestions to Teachers

11. Airways using most of capacity for military and governmental use and travel.
12. Effect of troop movements on shipping and railroads.
13. Effects of inflation on retailers and wholesalers.
14. Better consumer-business relationships as a result of mutual problems.

5. THE FOOD DOLLAR

Objectives: To acquaint the consumer with the nutritional value of certain food products; the necessity of securing a balanced diet; the care that should be exercised in food preparation so that nutritional values will not be lost; and the best utilization of dollars spent for food.

Topics

Teaching Materials and Suggestions to Teachers

I. Nutrition Values for Health and Physical Fitness

1. Four sides of a square meal
Calories
Proteins
Vitamins
Minerals.
2. Sample menus that will produce these values.
3. A well-balanced diet.
4. Nutritional values to be found in Dairy products—milk, cheese, eggs.
Commercial bakery products.
Cereals and cereal products.
Fruits and vegetables.
Meat, poultry, fish.
Jellies, jams.
Coffee, tea, cocoa, spices.
5. Preparation to preserve values.
Effects of canning, storage.

See book—Consumer Goods—Bulletin No. 3 of the Ellen H. Richards Institute, Pennsylvania State College, State College, Pa. Price 40 cents. Various sections on buying, food values, clothing.

Food charts showing nutritional values can be secured from: National Better Business Bureau, Boston, Mass.

Nutrition Study Kit—General Mills Inc., Minneapolis, Minn.

Eat the Right Food—Bureau Home Economics, U. S. Dept. of Agriculture.

A Guide to Good Eating—Philadelphia Inter-State Dairy Council.

Eat More Greens—Bureau of Maternal and Child Health, Philadelphia Dept. of Health.

Food value charts—National Livestock and Meat Board, or Philadelphia Child Health Association.

II. Food Standards, Brands, and Labeling

1. Standards for types of foods listed above.
2. Things to watch when purchasing foods.
Packaged foods.
Canned foods.

Consumer Goods (listed above) good for standards on all types of foods.

"Diets to Fit the Family Income"—Carpenter and Stiebeling U. S. Dept. of Agriculture Farmers Bulletin No. 1757.

Weekly diets at different costs,

Topics

Frozen foods.

Fresh foods.

3. Brand and informative labeling.

III. Changes Created by War

1. Food scarcities.
Diversion and transportation.
2. Rising prices.
Lack of ceilings on farm products.
3. Alternative food values that can be substituted for scarce foods.

Teaching Materials and Suggestions to Teachers

sample menus for each diet plan. "Mrs. America Volunteers"—Consumers Guide, Vol. VII, No. 20, Oct. 15, 1941.

"Are We Well Fed?" Stiebeling, Hazel K. U. S. Dept. of Agriculture. Miscell. Publications 430. Same amount of money may buy good or poor diets, depending upon how it is spent.

"Eat the Right Food to Help You Keep Fit." U. S. Bureau of Home Economics Folder, 1940.

"Facts You Should Know About Vitamins." National Better Business Bureau, Boston, Mass. 5 cents.

How to Conserve Vitamins—Conservation Series No. 22—National Better Business Bureau.

6. THE CLOTHING DOLLAR

Objectives: To help the consumer develop an appreciation of the importance of clothing and household textiles in relation to other items in the family budget, and of the effect which the war is having upon the consumption of textiles and clothing. To give factual information in the selection, purchase, use, and care of clothing and household textiles.

Teaching Materials and Suggestions to Teachers

I. Family Clothing Costs in Relation to Family Income.

- a. Standards for clothing.
- b. Factors affecting cost of clothing.
- c. The clothing inventory.
- d. The clothing budget.

See: *Stretching the Clothing Dollar*, Better Buymanship booklet, Household Finance Corp.
Bigelow, *Family Finances*, Ch. IX.
Andrews, *Economics of Household*, Ch. XV-XVI.
Nystrom, *Economics of Consumption*, Ch. XIV.
Latzke & Quinlan, *Clothing*, Units IV, V, VI.

II. Effect of the War Upon Clothing Consumption.

- a. Shortages in textiles and clothing.
- b. Alternate materials for clothing.
- c. Price ceilings and quality control.
- d. Design control.
- e. New fabric developments.
- f. Fabric finishes.

"Wartime Substitute Fabrics," FORECAST, Ju. 1942. Miller, Henry, Fed. Trade Commission Rulings on Fiber Identification of Textile Merchandise. Reprint F.T.C.
"Fabric Saving Supplement," WOMEN'S WEAR DAILY, April 8, 1942.
"Selling Rayon Fabrics," Sec. 2, WOMEN'S WEAR DAILY, July 13, 1942.

III. Federal Trade Commission Rulings and Legislation Governing Textiles Used for Clothing.

IV. How Informative Labeling on Textiles and Clothing Can Aid the Consumer.

V. Buying Guide for Selected Articles of Clothing such as:
Hosiery Men's Suits Shoes
Women's Coats Costume Slips

VI. Conservation of Clothing

- a. Daily and seasonal care.
- b. Renovation and remodeling.

Chapman, "Wardrobe for the High School Student," FORECAST, Jan. 1942.

Heard, "Wartime Developments in Textiles & Clothing," Jour. of Home Ec., Sept. 1942.

"Hold That Ceiling," CONSUMER'S GUIDE, June, 1942.

The Fed. Trade Commission and the Consumer, Boston Conference on Distribution, Boston Chamber of Commerce.

Abelson, Nathan, "Check List of F.T.C. Taboos," TEXTILE WORLD, 1940.

F.T.C. rulings on color fastness, WOMEN'S WEAR DAILY, Sept. 10, 1942.

Labeling Manual—Nat'l Consumers-Retailer.

Evans & McGowan, *A Guide to Textiles* Cnl.

Terms used on Textile Labels—Reprint Bur. of Home Ec., Dept. of Agric.

Hess, *Textile Fibers & Their Use*, Unit 1, Sec. III, pp. 75-123, Ch. III, "Stretching Your Dollar in Wartime."

"Shoe Sizing & Fitting," Misc. Pub. No. 469, U. S. Dept. of Agriculture.

"Buying Boys' Suits," Misc. Pub. No. 1877, D. of A.

"Work Clothes for Women," Farmers' Bulletin No. 1904, U. S. Dept. of Agriculture.

"Hosiery for Women," Misc. Pub. No. 342, U. S. Dept. of Agriculture.

"When A Woman Buys A Coat," U. S. Dept. of Agriculture.

"Cotton Shirts for Men & Boys," Farmers' Bulletin No. 1837, Household Science Inst., Dist. by Lit Bros.

"Coat Making at Home," Farmers' Bul. No. 1894, U. S. Dept. of Agri.

Hess, *Textile Fibers & Their Use*, Unit III, Sec. III.

"Conservation Begins with You," prep. by Pittsburgh Fashion Group, spon. Retail Merchants' Assn.

Topics

Teaching Materials and Suggestions to Teachers

Conservation Series, Better Bus. Bureau.
"The Dry Cleaning Process," FAMILY DOLLAR, June, 1941.

VII. Household Textile Budget

- a. Factors affecting cost.
- b. Household textile inventory.
- c. Plans for replacement.

"Household Textiles," Better Buy-manship No. 2, Household Finance Corp., 1940.
Kansas State College Exp. Sta. Bul. No. 281, 1938.

VIII. Buying Guides for Selected Articles of Household Textiles such as:

Sheets
Pillow cases
Bath linens
Blankets
Table linens.

Hess, Textile Fibers & Their Use, pp. 412-479, 479-516.

Specification Blanket Label—Chat-ham Co., 37 Worth St., N.Y.C.

"Before You Buy A Mattress," Con-sumers' Guide, May, 1940.

"Facts You Should Know About Domestic Textile Rugs," Better Business Bur. Bulletin.

IX. Conservation of Household Textiles.

7. THE HOUSING DOLLAR

Objectives: To learn the advantages of buying a completed home; to examine certain precautions before buying; to consider procedure in buy-ing a home; to consider certain factors in renting and building.

Topics

Teaching Materials and Suggestions to Teachers

I. Importance of Shelter in the Budget

Book on Low Cost Houses—Simon, Shuster, New York City. \$1.00.

II. Shall We Rent or Own?

Federal Housing Administration and Agricultural Adjustment Ad-ministration have large number of pamphlets dealing with home own-ership. Bibliographies on request.

Discussion:

Why do young people often buy a more expensive home than their income warrants?

Why is it necessary to have a clear title to property?

What is the purpose in recording a deed?

What rules should be followed in determining how much you should pay for a home?

1. Factors affecting the cost of rent or ownership.
 - a. Time of purchase in rela-tion to business cycle.
Rental levels.
Building costs.
 - b. Equities required.
 - c. Comparison of costs of ren-tal and ownership should include:
 - (1) purchase price.
 - (2) loan costs.
 - (3) title costs.
 - (4) recording costs.
 - (5) taxes.
 - (6) water rent.

Topics

- (7) maintenance and repair.
- (8) insurance.
- (9) return on investment.
- d. Non-economic factors in ownership.
 - Social prestige.
 - Personal pride.
 - Sense of security.

III. Desirable Qualities of a Good Investment in Shelter

1. In lot
 - Sound land.
 - Healthy site.
 - Neighborhood.
 - Adaptation to kind of building.
2. In building
 - How it meets your requirements.
 - Is it planned well?
 - How it meets requirements of typical housing on the market.
3. Factors that make it marketable.
 - Design.
 - Sound construction.
 - Adaptation to **future** needs.
 - Restrictions on use.

IV. Building a New House vs. Buying an Existing One

1. One market may be more favorable than the other.
2. Difference in maintenance costs.
3. Difference in financing arrangements.

V. Kinds of Financing Which Can Be Used

1. First mortgages.
2. FHA.
3. Building and Loan Associations.
4. Federal Savings and Loan Associations.
5. Savings Banks.
6. State Banks and Trust Companies.

Teaching Materials and Suggestions to Teachers

What proportion of total purchase price should be considered as a minimum down payment?

Why should the deed be drawn in the names of both husband and wife?

Larger works probably in public library. House and Home—Greta Gray, J. B. Lippincott & Co., Philadelphia, 1935.

Better Homes Manual — Blanche Halbert, University of Chicago Press, Chicago, 1931.

How to Get Ahead Financially—W. A. Schnedler, Harper Brothers, New York, 1926.

Buying an Honest Home — M. Tucker, Little Brown and Co., Boston, 1931.

Facts You Should Know About Buying or Building a Home—National Better Business Bureau, Boston, Mass. 5 cents.

The House—Tessie Agan, J. B. Lippincott and Co., 1939.

Invite to class for presentation of salient facts:

Teacher of Arch. Drafting, or
An Architect, or
Building contractor.
Realtor.

Conveyancer.

Real estate officer of bank.

These men can be drawn from community in which school is located.

"Care and Repair of the House"—V. B. Phelan, National Bureau of Standards, Building and Housing Publications BH-15, Supt. of Documents, Washington. 15 cents.

**VI. Elements of Financing Which
Must Be Taken Into Account**

1. Amortization.
2. Long-term mortgages.
3. Mortgage which permits repayment before maturity without penalty.
4. Interest rates.

**VII. Plans for Sound Ownership
Should Include:**

1. Large equity.
2. Liquid funds.
3. Payments that can be carried without strain.
4. Provision for maintenance in budget.
5. Provision for other expenses Fuel-light-water-furnishings.
6. Purchase price should be considered in relation to free funds after living costs, life insurance, income taxes, have been calculated.

**VIII. Things to Be Investigated in
Renting Shelter**

1. Location.
2. External and internal appearance.
3. Size and location of rooms.
4. Heating and lighting.
5. Laundry.
6. Plumbing, ventilation, and sanitary conditions.
7. Shades and awnings.
8. Renovations and repairs.
9. Privileges of the yard.
10. Character of neighborhood.

IX. Changes Made by War

1. Housing shortages in industrial centers.
2. Shifting population.
3. Trailer camps for war workers.
4. Defense housing.
5. Priorities on building materials—New construction and alterations difficult to obtain.
6. Shortage of skilled labor.

Finishing Your Floors and Cleaning Your Walls.—Consumers' Guide. No. 37-M Consumers Counsel Division, Dept. of Agriculture. Free.

How to Judge a House—Nat. Comm. on Wood Utilization, Dept. of Commerce, by Nelson S. Perkins. Address: Supt. of Documents. 10 cents.

As a class project you might have class members work out median rental in proportion to median income.

See Shields and Wilson—Consumer Economics, Chapter XXIX. Valuable tables on rentals and building costs in relation to income.

Facts You should know About Buying or Building a Home—National Better Business Bureau, Boston, Mass. 5 cents.

8. THE CONSUMER DOLLAR IS EXCHANGED FOR HOUSEHOLD EQUIPMENT

Objectives: To create for the consumer a general understanding of the selection, use, and conservation of the customary items of household equipment.

Topics

I. Major Items of Equipment

1. Heating systems.
2. Air conditioning systems.
3. Lighting.
4. Cooking stoves.
5. Refrigerators.
6. Furniture.
7. Laundry equipment.
8. Vacuum cleaners.

II. Smaller Items of Equipment

1. Irons.
2. Small kitchen equipment—Mixers, toasters, percolators.
3. Kitchen utensils.
4. Paints, varnishes, waxes. Tests and specifications. Durability.

III. Conservation of Equipment

Because of war and inability to make replacements.

IV. Items Not Obtainable Today

Teaching Materials and Suggestions to Teachers

Are You Buying a Washing Machine? Bulletin No. 178, Extension Service College of Agriculture, Ohio State University, Columbus, Ohio. 1936. 2 cents.

Consumer Goods — Pennsylvania State College, Bulletin No. 3. Sections on plumbing, heating, lighting, stoves, refrigerators, etc.

A Study of Electric Roasters—Potter & Neale, Bulletin 325, 1940. Virginia Agricultural Experiment Station, Va. Polytechnic Institute, Blacksburg, Va. Free.

Buying and Burning Coal—Consumers Counsel Division, Dept. of Interior. Supt. of Documents, Washington, D. C. 5 cents.

Buying Automatic Refrigerators with Dollars and Sense—Bulletin 166, 1937. Extension Service, Ohio

Teaching Materials and Suggestions to Teachers

State University, Columbus, Ohio. 2 cents.

Consumers Guide, Vol. 8, No. 6, Supt. of Documents, Washington. 5 cents. Tips on stretching life of all household equipment. Bibliography.

Domestic Electric and Gas Refrigerators, Letter Circular No. 472, 1936. National Bureau of Standards, Washington. Free.

Vacuum Cleaners—Selection, Use, and Care—Beard and Beall, Bulletin 204, Extension Service, Ohio State University, Columbus. 2 cents.

Introducing the Electric Range—Monroe and Cobb, Bulletin 222, 1936. Extension Service, University of Maine, Orono, Me. Free.

Lighting for Low Cost Housing—J. E. Ives, Address: U. S. Public Health Service, Washington, D. C. Free.

Buying Electrical Equipment—Extension Division, Washington State College, Pullman, Washington.

The Care and Use of Electrical Appliances in the Home—the Westinghouse Co., Mansfield, Ohio.

Kitchen Utensils I and II. Home Economics Extension Service. College of Agriculture. University of Wisconsin, Madison, Wis.

Porcelain Enamel—Its Care and Use in the Kitchen—Lit Brothers, Philadelphia, Pa.

Your Money's Worth in Furniture—Cornell Bulletin for Homemakers No. 297, Cornell University, Ithaca, New York.

Curtains Make the Window and Practical Methods of Refinishing Furniture—Circular 265, Extension Service, Oklahoma Agricultural and Mechanical College, Stillwater, Okla.

Teaching Materials and Suggestions to Teachers

Larger Works:

The House—Agan.

Household Equipment—Peet and Sater.

Stretching Your Dollar in War-time—Brindze.

Invite from the community or from a large department store:

A furniture buyer or retailer.

An electric appliance repairman, buyer or retailer.

Methods and Equipment for Home Laundering—U. S. Bureau of Home Economics, Farmers Bulletin No. 1497, 1937.

Address: Office of Information, U. S. Dept. of Agriculture. Free.

Oil Burners for Home Heating—A. H. Sonner, U. S. Bureau Agric. Engineering, Circular No. 406, 1936, Address: U. S. Dept. of Agriculture, Washington, D. C. Free.

Selecting Your Gas Stove—A. E. Baragar, Circular 55, 1937. Agric. Exper. Station, University of

Nebraska, Lincoln, Neb. Single copies. Free.

Selection and Use of Electric Iron—Potter and Bass, Bulletin 307, 1937, Virginia Agricultural Experiment Station, Va.

Simple Plumbing Repairs—Farmers Bulletin No. 1460. U. S. Dept. of Agriculture.

Address: Supt. of Documents, Washington. 5 cents.

Household Pests and Methods of Control—Cornell University, Ithaca, New York.

List of Inspected Electrical Equipment, Underwriters' Laboratories, Inc., 207 E. Ohio St., Chicago, Illinois.

Questions and Answers for the Home Fireman, J. F. Barkley, U. S. Bureau of Mines, 1933. Supt. of Documents, Washington. 5 cents.

Facts You Should Know About Household Pests—National Better Business Bureau, Boston, Mass.

9. THE CONSUMER DOLLAR IS EXCHANGED FOR DRUGS AND TOILET GOODS

Objectives: To create an attitude of awareness in the consumer of the dangers involved in indiscriminate buying of patent medicines and drugs; to develop an understanding of the profits that are possible in the cosmetic industry; and to foster a desire for better legislation in these matters.

Topics

I. Drugs and Patent Medicines for

1. Prevention of infection.
2. Burns.
3. Colds, coughs, sore throat.
4. Constipation.
5. Indigestion.
6. Obesity cures.
7. Pains, headaches.
8. Skin disorders.
9. Tonics.

II. Physician Therapy—Infra Red, Ultra-Violet Diathermy

Teaching Materials and Suggestions to Teachers

Invite to class a scientist or physician or pharmacist who has analyzed many of these products.

Provisions of the Food, Drug, and Cosmetic Act of 1938 are important here. This act in condensed form in Shields and Wilson—Consumer Economics. Evolution of present law and apparent weakness in it can be found in Gordon—Economics for Consumers, pp. 602.

For formulas see Reich and Siegler, Consumer Goods and How to Use Them, Chapter 22.

III. Soap and Soap Powder

1. Toilet.
2. Floating.
3. Shaving.
4. Laundry.
5. Shampoos.

IV. Dentifrices, Mouthwashes, Gargles

V. Cosmetics

1. Powders.
2. Creams.
3. Hair tonics, dyes, removers, bleaches.
4. Nail polish.
5. Rouge and lipstick.
6. Beauty clay.
7. Astringents.
8. Deodorants.

VI. Reading the Labels on Drugs

VII. Drug and Cosmetic Advertising

VIII. Some Cautions

1. Some drug preparations are harmless but have no real value.
2. Some may be harmful if taken without advice of physician.
3. Some may be harmless to one person but harmful to another.
4. Beware of drugs sold under mysterious names.
5. Beware of drugs with all-inclusive claims.
6. Question the contents of any drug if only some of the contents are listed on the label.
7. Avoid drugs with meaningless but elaborate statements as to their contents or usefulness.
8. Beware of any drugs to be taken internally to reduce weight. Most of these are injurious.
9. Some drugs in the store are not articles in interstate commerce and therefore do not come under the provisions of the Food and Drug Act.

Consumers Union Reports or Buying Guide will be valuable here.

More for Your Money — Harry Bennett.

Poisons, Potions, Profits — Peter Morell.

Some people allergic to particular drug.

See Autobiography of Harvey W. Wiley.

U. S. House of Representatives, Committee on Interstate and Foreign Commerce, Seventy-fourth Congress, First Session, Hearing on HR6908, HR8805, HR8941, and S5. Government Printing Office.

Kallett and Schlink—Hundred Million Guinea Pigs, Vanguard Press, New York, 1933.

Counterfeit—A. Kallett, Vanguard Press, New York, 1936.

Skin-Deep—M. C. Phillips, Vanguard Press, New York, 1934.

10. THE CONSUMER DOLLAR IS SAVED AND INVESTED

Objectives: To indicate for the consumer the value of thrift; to suggest means by which savings can be effected; to stress the importance of having a definite plan for saving; to apply simple tests that will create critical judgments for investing savings.

Topics

Teaching Materials and Suggestions to Teachers

I. Importance of Saving

1. How it can be done.
 - Spend less than you earn.
 - Invest the difference wisely.
 - Reinvest interest from savings.
2. Importance to the individual.
 - Capital for a rainy day.
 - Savings for a purpose.
 - Emergencies.
 - Future income.
 - Education.
 - A home.
 - Security in old age.
3. Importance to society.
 - Large enterprises possible only through accumulated savings of the multitude.
4. Importance of an early start.
 - Working period limited, uncertain.
 - Earning power varies with age.
 - Decline after age 55.
 - More income if early beginning.
5. Why people do not save.
 - Not enough income.
 - No incentive to save.
 - Do not know value of money.
 - Do not know what to do with savings.
 - Human laziness.
 - Bank failures in 1930's.

Facts You Should Know About—

Securities.

Savings.

Investment companies.

Investment banks.

National Better Business Bureau,
5 cents each.

Get local savings institution officer
to explain principles and methods
of systematic saving.

Look up compound interest tables.

II. Means of Accumulating Savings

1. First investment should probably be in: a home, insurance, or savings fund.
2. Purchase good bonds.
3. Buy sound stocks.
4. Shares in cooperative bank or credit union.
5. Securities of commercial, savings, or investment banks.
6. Securities of insurance companies.

Discuss: Comparative value of Government versus corporate bonds.

7. Securities of investment trusts.
8. Building and Loan Associations.

III. Bonds and Investments

1. Types of bonds.
U. S. Government.
State, municipal, school district.
Corporation.
Mortgage.
Collateral trust.
Debentures.
2. How to test bonds.
Safety of principal.
Earning power.
Marketability.
Efficiency of management.
Indebtedness of corporation.

IV. Stocks as Speculative Investments

1. How stocks differ from bonds.
In relation to the corporation.
As to security of investment.
As to income.
In stability of value.
In denominations.
In matter of payment.
2. Kinds of stock.
Common—perhaps Class A-B-C, etc.
Preferred.
Cumulative preferred.
Participating preferred.
3. Stock values.
Par or no-par.
Book.
Market.
4. Tests to apply.
Regularity and certainty of return.
Will bank accept as collateral?
How much will bank risk on loan?
Will I have to sell at a loss?
Is corporation in stable industry?
Is it a growing or declining one?
Is management able?
Must I watch this stock to prevent loss?

Draw distinctions between various types.

Discuss factors of safety.

Point out securities that are legal investments for trust funds in Pennsylvania.

Investment seeks to conserve the principal while speculation seeks to increase it at the risk of losing it.

Draw attention of class to Moody's Manual of Investments—Commercial and Financial Chronicle, etc. For more detailed list see Sakolski, Principles of Investment,, pp. 429.

Discuss: Neither bonds nor stocks should be bought by persons with little experience, and small incomes.

Be sure stock is not assessable.

Never invest more than you can afford to lose.

Ideally, a family should have insurance, a debt-free home, and money in the bank, before attempting to buy investments.

Topics

Consult a banker or investment counselor—best test.

5. What not to do.
Buy on a "tip" or "hunch".
Accept arguments of salesmen.
"Sure to prove a gold mine."
"Letting you in on the ground floor."
"You must act at once."
Withdraw savings to make purchase of stock.
Use tipster sheets.
Accept opinions as facts.
Invest before you investigate.

A summary of blue-sky laws of Pennsylvania and work of Federal Securities and Exchange Commission (now in Philadelphia) would be valuable here.

Also: A visit to a brokerage house and a discussion of how stock orders are executed. Bring in local talent.

Effects of the business cycle on investments should be discussed.

V. External Factors that Affect Investments

1. Stability of the Government.
2. Sound money and sound credit.
3. Research and inventions.
4. Business cycle variations.
5. Monopolistic practices.
6. Tendency toward collectivism.
7. Changes in purchasing power of the dollar.
8. Improvements in transportation and communication.

"A single mistake may wipe out the savings of years."

ROGER BABSON

Larger works on investments:
Investment Fundamentals—R. W. Babson, Harper Brothers, New York, 1930.

Money Sense—H. W. Davis, McGraw-Hill, New York, 1934.

Controlling Your Personal Finances—D. F. Owens, McGraw-Hill, New York, 1937.

VI. Investments in Wartime

1. Increases national debt.
2. Increases taxes on corporate and individual incomes.
3. Decline of dividends.
4. Effects upon the price and marketing of securities.
5. Uncertainty as to future status of big and little business.
6. Conversion of war plants to peacetime uses.
7. Higher prices for shelter.
8. Priorities on scarce materials.
9. More money to spend; less goods to buy.
10. Post-war production of consumer goods.
11. Changes in the materials for production—plastics—synthetic—materials—derived from products.
12. New methods of transportation.

Your Money and Your Life—Gilbert Seldes, McGraw-Hill, New York, 1938.

Security Speculation—J. T. Flynn, Harcourt Brace, New York, 1934.

False Security—B. J. Reis, Equinox Cooperative Press, New York, 1937.

Ebb and Flow of Investment Values—Mead and Gradinsky, Appleton, 1940.

Stress necessity of investing in U. S. Savings Bonds during war-time as means of financing the war, and creating a backlog for consumers' goods after the war.

11. THE CONSUMER DOLLAR IS INVESTED IN HEALTH

Objectives: To give the consumer elementary knowledge of the basic factors to be appraised in the interest of sound health; to show the trend in health services; to acquaint him with health facilities available and how to select health services wisely.

Topics

Teaching Materials and Suggestions to Teachers

I. Factors Involved in Healthful Living

1. Health appraisal — physical and mental.
2. Nutrition.
3. Exercise, rest and recreation.
4. Housing.
5. Clothing.
6. Work.
7. Accident Prevention.

"Food Values of Portions Commonly Used." Bowes and Church—4th edition \$1.00.

"Family Nutrition" and 2 sets of food charts. 1—common foods—50c a set. 2—vegetables for victory—50c a set.

Phila. Child Health Society—311 S. Juniper St.

For literature on nutrition—consult Child Health Society, 311 S. Juniper St.

"Toward Better National Health," U. S. Government Printing Office, Washington, D. C.

II. Health Services Available:

1. Public.
 - a. Federal—U.S.P.H.S. and Children's Bureau.
 - b. State—Depts. of Welfare and Health.
 - c. Local — organizations — Health Dept.—brief outline.
2. Private.
 - a. Hospital—(Blue Cross and paid clinics).
 - b. Agencies.
 - c. Physicians, dentists and nurses.

"Factual Data on Medical Economics," Bureau of Medical Economics, American Medical Asso., 535 N. Dearborn Street, Chicago, Ill.

"Family Expenditures for Medical Personal Care and Miscellaneous Items." Monthly Labor Review, May 1940 Vol. 50 pp. 1062-1079, U. S. Dept. of Labor, Bureau of Labor Statistics. Price 30c.

"Are the Citizens of Pa. Neglected When Ill or Injured?" Survey of Sickness Service and Facilities in Penna. 1939 pp. 53-56, The Medical Society of the State of Penna., 230 State Street, Harrisburg, Pa.

"Health Conservation Contests," General Fact Finding Schedule—American Public Health Asso., 1790 Broadway, New York City.

"Your Community—Its Provisions for Health, Education, Safety, Welfare," Joanne C. Colcord, Russell Sage Foundation, New York City, N. Y. 1939 Chapter 8 Provisions for Health Care, pp. 84-113.

Chapter 9 Distribution of Health Care, pp. 114-132.

"The Communicable Diseases"—A. M. Stimson mis. publication No. 30—Supt. of Documents, Washington, D. C. Price 25c.
"The Child"—a monthly bulletin—U. S. Dept. of Labor, Children's Bureau, single copy 5c—annual subscription 50c.

III. Selecting Health Services:

1. Physicians.
2. Dentists.
3. Nurses.
4. Avoidance of "quacks" and "cures".

Select from—

Medical societies, medical school and hospitals.
Dental societies and dental schools.
Hospitals, physicians, nursing schools, nurses registries.
See outline from Survey Graphic—March 1942.

IV. Consumers Health in War Time:

1. War accelerates tempo of modern living.
2. War causes increase in accidents and disease, especially v. d. & t. b.
3. War necessitates rationing of medical, nursing and hospital services.
4. War emphasizes need for maintaining health of industrial workers.
5. Post-war planning for health.

Survey Graphic—March 1942, price 40c "Fitness for Freedom."
"When Doctors are Rationed" Dwight Anderson and Margaret Boylous Conard McCann. Price \$2.00.

Needs serious consideration.

FIRST AID KIT FOR THE HOME

1" compresses on adhesive in individual packages.
4" x 4" sterile gauze squares individual packages.
½ yd. square sterile gauze individual packages.
6 triangular bandages individual packages.
4 gauze bandages—1" and 2" individual packages.
1 wooden dowel.
3" splinter forceps.
1 scissors, blunt.
2 oz. bottle arom. spts. ammonia (rubber cork).
2 oz. sterile castor oil (for use in eyes).
1 medium dropper.
6 drinking cups.
2—8 oz. bottles distilled water.
25 salt tablets—each 15½ grains (2 tablets in 8 oz. of water would make normal salt solution).
2 oz. powdered sulfathiazole in shaker.
Strapped to kit might have splints of various sizes and padding.
Blankets.

THE HOME MEDICINE CABINET

1. Tincture of Iodine.
2. Castor oil.
3. Milk of magnesia.
4. Aromatic spirits of ammonia.
5. Mineral Oil.
6. Antiseptics—such as mercurochrome, boric acid solution.
7. Band-aids.
8. Bandages.
9. Ice cap.
10. Hot pad.
11. Syringes.

YOUR MEDICINE CABINET SHOULD BE STOCKED WITH FRESH CLEARLY LABELED HOUSEHOLD MEDICINES

1. Never take or give medicines of any kind in the dark.
2. Keep medicine out of the reach of children.
3. Never take medicine prescribed by a doctor for someone else, because it may be entirely unsuited to your condition and possibly harmful to you.
4. Never increase a dose of a prescription nor take it more frequently than directed without consulting with your doctor.
5. Always look at the label and read the directions before taking a dose of medicine.
6. Remember that a prescription written for you and compounded for you by your local pharmacist is intended to take care of your symptoms at the time the doctor writes the prescription. The same medicine may not be safe a year afterwards, even though the prescription be freshly filled.
7. See to it that no unlabeled containers are allowed in the medicine cabinet unless they are empty.

12. THE CONSUMER DOLLAR IS AFFECTED BY TAXATION

Objectives: To develop an attitude of critical analysis of the purposes, necessity for, and values to be derived from wise-well-planned taxation; to give the consumer an understanding of the types of taxation now prevalent; and to measure some of the effects of taxation on his individual income.

Topics

Teaching Materials and Suggestions to Teachers

I. Purposes of Taxation

1. Why taxes are levied.
For the raising of necessary revenue.
For regulation.
For redistribution of wealth.
2. For services rendered.
Police, fire, military services.
Health protection.
Garbage collection, sewage disposal.
Inspection of weights, standards.
Education.
Postal and transportation services.
Courts, prisons, jails.
Welfare and relief work and agencies.
Street cleaning and lighting.
Streets, highways, sidewalks, waterways.
Parks and recreational activities.
Civic museums, auditoriums, libraries.
Harbor and terminal facilities.
Unemployment insurance, old-age benefits.
Building inspection.
Inspection services of foods, materials.
Provision for veterans of armed services.

Stress the point that the individual consumer can only provide these services cheaply by collective action. Anyone of these services provided privately might cost more than the total of his tax bill.

New services require new income. Advantages of new services should be weighed before voting.

By reference to national, state, and local budgets the services that demand the largest share of public revenue may easily be determined.

II. Types of Taxes

1. General classification.
Direct and indirect taxes.
2. The income tax.
How to fill out the form.
Deductions.
Computation of the tax.
Surtaxes.
Necessity of keeping records.

Stress fact that "hidden" taxes now take 41 cents out of every consumer dollar; consuming power decreased to that degree without direct taxes. Review list of legal deductions for average individual. Most people do not know how to take advantage of them. 29 states have income tax laws. How about

Topics

3. Personal property tax.
Form to be completed.
Payable to state and county.
Self-assessing.
Items to be included.
How to compute.
4. Real estate tax.
Frequently included in rental.
Assessments not always fair.
Some properties exempt.
Bears too much of the burden.
Assessment should be done by experts.
5. Sales tax (See Topic II).
6. Use tax.
7. Inheritance tax.
On whole estate. Rates high above 40,000.
On shares distributed to heirs
Depends on nearness of blood relationship.
Credit allowed by Federal Government up to 80% on taxes paid to State.
8. Gift tax.
Planned to close loophole on inheritance taxes.
9. Social security taxes (See Topic X).
10. Hidden taxes (excises)
Items taxes.
Amusements, clubs, membership, stocks, tobacco, liquor, playing cards, railroad and steamship tickets, telephone and lighting service, safe deposit boxes, etc.
Use of revenue stamps in this respect: Deeds, legal papers, and some of above items.
Makes record keeping unnecessary.
11. Customs duties.
Articles usually on free list.
Rates of luxuries.
How cost is passed on to consumer.

Teaching Materials and Suggestions to Teachers

Pennsylvania? Is the City Wage Tax an Income Tax? Why is the rate uniform?

4 mills to county; 4 mills to state.

False impression that if you do not own real estate you escape the tax.

Real estate taxes make up 68% of total tax bill in Philadelphia.

Common in some states. Unknown in Pennsylvania until applied to automobiles.

Prevents purchases in neighboring state and transportation of goods to home state without payment.

Rates high because wealth is considered a windfall if acquired this way, and not earned by those who inherit it.

Taxes, Benefit and Burden—Kendrick and Seaver, Newsom & Co., N. Y., 1937.

See chart—Shields and Wilson—Consumer Economics. pp. 368.

Class should attempt to construct complete list.

Is a stamp placed on a letter a payment for service or a tax?

Look up Federal income on cigarettes and beer taxes and state income on gasoline and liquor. Include profits of liquor stores.

Mention licenses, fees, fines, special assessments.

Topics

12. Poll tax.
Use in some states to limit franchise.

13. School tax.
Board agent of state legislature.

III. Costs of Tax Collection

1. Duplication of offices and equipment.
2. Each governmental unit has own staff for collection.
3. Too many small units. Collection costs decrease revenue.

IV. Characteristics of a Good Tax

1. Should produce sufficient revenue.
2. Easy to administer.
3. Not easily evaded.
4. Should be just; no particular group should be favored, or made the special objects of excessive taxation.
5. Should be based on the ability to pay.
6. Simple enough to permit taxpayers to understand it.
7. Definite as to time, amount, and place of payment.
8. Costs of collection should be kept as low as efficiency will permit.
9. Payable in installments for those hard pressed to meet tax bills.

V. Wartime Influences on Taxation

1. Huge national debt will probably mean high rates for years to come.
2. Sales tax a possibility because no source of revenue must be over-looked.
3. Uncertainty of rates from year to year make planning to meet payments difficult.
4. Consumer purchasing power limited by increased taxes and rising prices.
5. Taxes used as an antidote for inflation.
6. Broadening of income tax base and decrease of allowance for dependents.

Teaching Materials and Suggestions to Teachers

Abolished in Pennsylvania about 1937.

Explain three-fold division of millage for school purposes. Compare costs of educating one pupil in your community with costs for similar service in private schools. More than 2300 school districts in Pennsylvania.

In recent years the possession of an automobile seemed to imply wealth, ergo the owners were singled out, and made the objects of heavy taxation.

Discussion: Possible revision of whole tax structure.

Too frequently, legislators raise the rates on existing taxes that have proved to be good sources of revenue, without examining new sources of taxation to secure the needed funds.

Usually recommended by National Retailers Association, National Manufacturers Association, and U. S. Chamber of Commerce.

Comparison of tax rates in the U. S. and European countries will be comforting.

Topics

Teaching Materials and Suggestions to Teachers

7. Compulsory savings to meet anticipated tax bills possible.
8. Pressure to make joint income tax returns compulsory.
9. Closing the loopholes on tax exempt securities of states and municipalities.

Recommended by U. S. Treasury Dept.

13. FINANCING THE CONSUMER

Objectives: To give the consumer a general understanding of the sources of credit; the methods in common use in borrowing; and the steps the consumer should take for his own protection. Since credit is so much in demand in our generation it is important that the consumer employ the best methods of borrowing to meet his needs.

Topics

Teaching Materials and Suggestions to Teachers

I. Need for Credit

1. Producers need it because of large scale business. Necessary to create consumer goods.
2. Retailers need it until goods can be turned into cash.
3. Whole scheme of mass production demands large amounts of credit.

Simple Definition: Ability to obtain something of value now for promise to pay in the future.

Discuss: Interest is the premium paid from the non-possession of capital.

II. Need for Consumer Credit

1. Most families would suffer hardship and inconvenience without credit.
2. Need for emergencies.
3. Income and expenditures do not coincide.
4. Amount of borrowing today is indisputable proof of necessity.

Loan Sharks and Their Victims—Wm. T. Foster, Public Affairs Pamphlets, No. 39, 1940. Public Affairs Com., 30 Rockefeller Plaza, N. Y. 10c.

III. Bases of Consumer Credit

1. Confidence is fundamental.
2. Character.
3. Good credit standing.
4. Unless credit used wisely you may lose it.

Ten Close-Ups of Consumer Credit—Credit Union Section, Farm Credit Adm. U. S. Dept. of Agriculture, Circular 25, 1940. Address: Supt. of Documents, Washington. 15c.

Dr. Frank Parker, What Every Consumer Should Know About Credit, Univ. of Penna., Phila. Free.

Credit for Consumers—L. R. Foster, Public Affairs Pamphlets, No. 5, Address: Public Affairs Comm., 30 Rockefeller Plaza, N. Y. 10c.

IV. Sources of Consumer Credit

1. Pawnbrokers.
 - a. Legal basis.
 - b. Size and importance.
 - c. Nature and size of loans.
 - d. Method of borrowing.
 - e. Uniform Pawnbroking Act is proposed.
2. Credit Unions.
 - a. Thrift and credit.
 - b. Restricted membership-group.
 - c. Chartered by U. S. and 38 states.
 - d. Rates.
 - e. Management.
3. Personal Finance Companies.
 - a. Type of loan.
 - b. Legal basis.
 - c. Interest rates.
 - d. Size and Importance.
 - e. Loan procedure.
 - f. Costs and charges.
4. Industrial Banks.
 - a. Legal Basis.
 - b. Amount of loans.
 - c. Type of loans.
 - d. Endorsements.
 - e. Interest.
 - f. Charges.
5. Personal Loan Departments of Commercial Banks.
 - a. Character of Service.
 - b. Rates.
 - c. Interest.
 - d. Growth of business.
6. Unlicensed lenders.
 - a. Rates.
 - b. Need for legislation.

Government owned in most other countries. Most states no regulation—Penna. has.

Pledges average \$50. Sometimes as little as \$5. Storage fee. Latest report from Russell Sage Foundation, also copy of proposed act.

Over 5000 unions now in U. S. with more than one million members. Rate usually 12%—13% per year. Invite officer of Teacher Credit Union to class.

Maximum \$300.

Regulated by state under license 20% to 42% per annum, depending on State Law Uniform Small Loan Act. Over 6000 companies operating in 34 states. Based upon chattel mortgage and wage assignments, and character loans. See M. R. Neifeld—Personal Finance Comes of Age, Harper, N. Y. 1939.

Morris Plan, typical, founded 1910 by A. J. Morris at Norfolk, Va. Operates as corporation. \$300 to \$5000. Co-maker, collateral, auto, personal signature. Rate ranges upward from 17% a year for first hundred dollars, smaller rate above that amount. Interest discounted at time loan is negotiated. Fees for insurance, investigation, late payment.

Generally receive 12% to 20% per year.

Lend for almost any purpose. N. Y. alone regulates 1% per month. National City Bank, N. Y. largest.

Generally not regulated.

Write San Antonio Bar Association for pamphlets. Rate 72% to 1200%; record in Georgia of \$1550 paid on \$76 loan. Victimize those that can least afford it. Write Consumer Credit Institute of America, Inc., Woolworth Bldg. N. Y. C. for

pamphlet. Report on Small Loan Situation in State of Georgia. Get Facts You Should Know About Borrowing, Better Business Bureau, 5c.

V. Why Consumer Credit is Expensive

1. Losses on poor credit risks.
2. Costs of collection and servicing.
3. Elaborate system of records for creditor.
4. Credit in small units costly per dollar loaned because of overhead costs.
5. Lack of regulation in some fields.
6. Improvident borrowers increase cost for others.

IV. Simple Tests to Apply

1. Is the company under state supervision?
2. Do you understand everything you are supposed to do when you receive the loan?
3. What is the cost of the loan?
4. What amount do you promise to pay back?
5. What is written on the paper you are about to sign? Take time to read before you sign.
6. Is the company given the right to impose fines, penalties, and extras without limit?
7. Are all the figures that appear on the contract correct?
8. What will the credit cost per annum? Is interest on the whole amount, or on the unpaid balance?

Important that interest is shown as separate item in contract so that deductions can be made from income tax.

Contracts drawn by smart lawyers.

Interview managers of various types of cash credit agencies.

VII. Charge Accounts

1. Extent.
2. Time limit.
3. Responsibilities.
4. What the application contains.
5. Advantages and disadvantages of charge accounts.

Most common kind of credit. See regulation W of Federal Reserve Board. Charge account credit creates obligation just as great as if you sign something. See—Smith, Personal Economics.

VIII. Merchandise Installment Credit

1. Distinguish from charge account.

Old practice, began in U. S. 1807.

Topics

2. Volume.
3. Method of operation.
4. Chief items.
5. The chattel mortgage.
6. Bailment lease.
7. Conditional sale.
8. Repossession.
9. Carrying charge.
10. Sales-finance companies.
 - a. Buy notes from dealers.
 - b. Discount.
 - c. Charges.
11. Pitfalls of instalment selling.
 - a. Extravagant advertising and high pressure salesmanship.
 - b. Consumer often unable to judge quality.
 - c. May increase assignment of wages.
 - d. Tends to weaken retail credit structure.
12. Merits of instalment selling.
 - a. Helps to stabilize demand.
 - b. Increases sales, decreases unit cost.
 - c. Only method by which some persons can obtain comforts.
 - d. Tends to raise standard of living.

IX. Wartime Influences on Credit

1. Additional need to meet tax obligations.
2. Limits on charge accounts.
3. Instalment buying discouraged.
 - a. Larger down payments.
 - b. Time limits on contracts.
4. Savings e. g. insurance more difficult to maintain.
5. Increased urge to borrow.
6. Restricted credit as an inflation control is useless by itself.

Teaching Materials and Suggestions to Teachers

1940—3 billion dollars.

1940—less than 10% of all sales.

Automobiles, furniture, household appliances, jewelry, lead the parade. Second hand market is essential to this type of business.

Pay retailer 80% until payments completed. Take 5% discount. Most business controlled by three large companies, General Motors Acceptance Corp., Commercial Investment Trust and Commercial Credit Company. Losses small. Offices in Europe and S. America.

Eight N. Y. employers with 100,000 employees report 1900 powers of attorney permitting deductions from wages.

Write to Federal Reserve Board for free copy of Regulation W on Consumer Credit.

Must wages and farm prices be ceilinged effectively to avoid the ravages of inflation?

